C6240-1

THE WEEKLY OF
BUSINESS AVIATION

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

Vol. 40 No. 10 March 11, 1985 Page 73

INSIDE

Bell Helicopter On The Block.....Page 74

Piper Wins Customs Contract.....Page 75

Spoiler Blamed in Lear 23 Crash....Page 77

Business Aviation Briefs.....Page 78

Marketplace.....Page 80

GLICKMAN BILL WOULD ELIMINATE 'EMPTY SEAT' TAX LIABILITY

Legislation which would eliminate additional tax liability for persons who travel free on a space available basis on company-owned transportation was introduced last week by Rep. Dan Glickman (D-Kan.) and several co-sponsors. The bill, H.R. 1392, seeks to neutralize one of the most objectionable portions of new Internal Revenue Service regulations — the section which would make the recipient of such transportation liable for additional taxes even if his employer incurred no additional cost in providing the transportation *(see related story on Page 77)*.

Glickman, in a statement on the House floor, said free transportation for an employe when the company aircraft or other vehicle is on a business mission is "a perfect example of what common sense would tell you is a 'no additional cost' fringe benefit. Under the present law, common sense doesn't matter on this point; technically, the IRS has determined that these transportation fringe benefits can't qualify for the tax-exempt status because they do not meet the 'for sale' requirement of the 1984 tax bill."

In a letter to other House members seeking additional co-sponsors *(see letter on the back of Page 74)*, Glickman said H.R. 1392 "would assure that catching a ride on a vehicle already travelling for legitimate business purposes would not be subject to taxation." He noted that the IRS regulation now in effect "is causing people to cancel orders for business aircraft at a time when industry is recording the lowest level of sales since 1951. As this authority is implemented through IRS regulations, I expect we will find that many other industries will be hurt."

GA GROUPS WARN OF TOUGH BATTLE TO OVERTURN IRS AIRCRAFT RULES

Officials of four major general aviation groups expressed strong support last week for the legislation proposed by Rep. Dan Glickman to modify one provision of new Internal Revenue Service regulations on company-owned aircraft, but they cautioned that overturning the IRS rules — which they view as a major threat to the GA industry — will be an extremely difficult battle to win.

Four groups — Aircraft Owners and Pilots Association, General Aviation Manufacturers Association, National Air Transportation Association and the National Business Aircraft Association — reached an agreement to seek "legislative or regulatory relief from punitive IRS proposals dealing with taxable valuation of personal use of private aircraft and transportation in otherwise 'empty seats' on such aircraft." The aviation associations said as currently implemented, the IRS rules assign taxable income valuations roughly equivalent to commercial airline fares: empty seat "hitchiker", full coach fare; key employe "hitchiker" on non-primary business flight, three times first class fare; and, non-business personal use, charter rates. The groups charged that "these valuations bear no relationship to market value" and instead are pushing for a tiered set of valuations based on aircraft gross weights to be applied to personal use aircraft. Those proposed rates would range from one half of equivalent coach air fare for planes under 6,000 pounds gross weight up to the equivalent of first class air fare on aircraft with gross weights in excess of 10,000 pounds.

(Continued on the following page)

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS GROUP PUBLICATIONS INC. COPYRIGHT @ 1985 NEWS GROUP PUBLICATIONS INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $210. SIX MONTHS $125.

CIVIL AVIATION AUTHORITY OF CHINA has accepted the first of five de Havilland of Canada Twin Otters. The latest order brings to 10 the number of Twin Otters used by the People's Republic of China, following delivery of four commuter aircraft to the country in 1977 and one geophysical Twin Otter in 1979. Remaining four deliveries are scheduled for later this year.

* * *

JOHN J. LEAHY, who was named to the newly created post of director-Eastern Hemisphere for Piper Aircraft in Geneva, Switzerland late last year *(BA, Oct. 22/133)*, has left Piper and joined Airbus Industrie of North America as marketing director. Leahy had held a number of positions in marketing during his eight years at Piper including director of marketing service. In his new post with Airbus, he is based in New York City.

* * *

FAIRCHILD BURNS COMPANY, a division of Fairchild Industries, said USAir has placed an order for fireblocked seat cushion sets for its entire jet aircraft fleet. USAir operates 130 aircraft including Boeing 727s and 737s, BAC 1-11s and DC-9s. Fairchild Burns said the order covers some 15,000 seats. FAA regulations that went into effect in November give the airlines three years to install the new seat cushions, which retard the spread of fire.

* * *

BERNARD A. (BERNIE) GEIER, who recently retired from FAA where he had been manager of the agency's general aviation and commerical division, has joined the Aircraft Owners and Pilots Association as a consultant. He will be involved in development of the association's aviation policies in addition to other duties.

* * *

DEPARTMENT OF TRANSPORTATION has extended the comment period on proposed regulations concerning the review of air carrier agreements, mergers, acquisitions of control, consolidations and interlocking relationships. The regulations would govern the procedures to be employed under certain statutory provisions that were transferred to DOT under the Airline Deregulation Act of 1978 and the Civil Aeronautics Board Sunset Act of 1984. Comments had been due by March 8, but the deadline has been extended to March 18 at the request of the Air Transport Association. Comments should be sent to: Docket Clerk, Room 4107, Office of Secretary, Department of Transportation, 400 Seventh St. S.W., Washington, D.C. 20590.

* * *

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, rather than FAA, will now be responsible for insuring that child restraint systems comply with applicable regulations for use in both motor vehicles and aircraft. FAA plans to cancel TSO-C100, which had been the applicable standard for child restraint systems in aircraft, on March 15. FAA said the change "will assure that only a single standard exists for child restraint systems. Child restraint manufacturers will then comply with amended Standard 213 only and deal only with the National Highway Traffic Safety Administration." For additional information on the change, which was detailed in the March 1 *Federal Register*, contact: Ms. Bobbie J. Smith, Policy and Procedures Branch, AWS-110, Aircraft Engineering Division, Office of Airworthiness, Federal Aviation Administration, 800 Independence Ave. S.W., Washington, D.C. 20591 or call (202) 426-8395.

* * *

AIRPORT AND AIRWAY TRUST FUND ended calendar year 1984 with a balance of just over $7 billion, the first time in the 14-year history of the trust fund that the balance has exceeded that level *(see chart on the backs of Pages 79 and 80)*.

* * *

WORLD AVIATION DIRECTORY, summer 1985 edition is now available. New features include World Space Directory, World Government/Military Directory, World Buyer's Guide, Computer Hardware/Systems Manufacturers and Software Developers Section, and expanded World Helicopter Directory. The new edition lists more than 57,000 individuals, 27,000 companies and 3,700 products/services in 188 countries. A one-year subscription includes two editions. To order, call Teresa Dubich at (202) 822-4683.

AIRPORT AND AIRWAY TRUST FUND
Status As Of Dec. 31, 1984

		CURRENT MONTH	FISCAL YEAR TO DATE
I.	BALANCE - BEGINNING OF PERIOD	6,576,219,427.84	6,440,835,770.41
II.	RECEIPTS:		
A.	Excise Taxes (Transferred from General Fund) :		
	Any liquid fuel except gas	6,639,000.00	16,466,299.00
	Tires used on aircraft	0.00	0.00
	Tubes used on aircraft	0.00	0.00
	Gasoline		
	1. Commercial 9 cents tax	225,000.00	674,000.00
	2. Non-commercial 9 cents tax	2,460,000.00	6,087,384.00
	3. Non-commercial 3 cents tax	820,000.00	1,577,128.00
	4. Transp by air,seats,berths,etc.	208,604,000.00	627,064,730.00
	Use of international trav fac	6,638,000.00	22,197,424.00
	Transp of property and cargo	14,426,000.00	38,961,089.00
	Total Tax Receipts	239,812,000.00	713,028,054.00
B.	Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
	1. Civil aircraft	0.00	333.00
	2. Any liquid fuel except gas	0.00	2,346,988.00
	3. Gasoline -Retailer's tax	0.00	537.00
	Total Reimburse for Tax Refunds	0.00	2,347,858.00
	Net Tax Receipts	239,812,000.00	710,680,196.00
C.	Interest on Investments	337,903,204.69	352,604,499.21
	Net Receipts	577,715,204.69	1,063,284,695.21
III.	EXPENDITURES :		
A.	Federal Aviation Administration :		
	1. Operations	-35.00	104,999,815.39
	2. Grants-in-aid for airports	84,673,790.11	237,249,723.87
	3. Facilities & equipment	33,624,820.64	91,489,087.22
	4. Research engineering & development	16,736,151.47	51,481,886.83
B.	NOAA weather services	6,750,000.00	6,750,000.00
C.	Interest on Refund of Taxes	0.00	47.00
	Total Expenditures	141,784,727.22	491,970,560.31
IV.	BALANCE - END OF PERIOD	7,012,149,905.31	7,012,149,905.31

(Continued on Back of Following Page)

TRUST FUND (Cont.)

STATEMENT OF FINANCIAL CONDITION

ASSETS :		
Undisbursed Balances:		
Airport & Airway Trust Fund	145.02	
Operations	4,071.68	
Grants-in-aid for Airports	8,315,199.34	
Facilities & Equipment	3,856,422.48	
Research Engineering & Development	5,961,066.79	
NOAA weather services	0.00	
		18,136,905.31
Investments :		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS :		
11-1/4% maturing June 30, 1985	800,875,000.00	
11-1/8% maturing June 30, 1985	5,718,925,000.00	
11-3/8% maturing June 30, 1985	474,213,000.00	6,994,013,000.00
Total Assets		7,012,149,905.31
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		7,012,149,905.31
Total Liabilities and Equity		7,012,149,905.31

Treasury Department Chart

CU240-1

THE WEEKLY OF BUSINESS AVIATION

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

Vol. 40 No. 11 March 18, 1985 Page 81

INSIDE

DOT Regulatory Delays Cited.....Page 82

Commuter Consolidation Continues...Page 83

Cessna 'Challenges' Turboprops.....Page 84

Business Aviation Briefs.....Page 85

Marketplace.....Page 88

GULFSTREAM SUSPENDS PEREGRINE DEVELOPMENT; EARNINGS DECLINE CITED

Gulfstream Aerospace Corp., citing a decline in 1984 earnings, last week suspended research and development efforts on the Peregrine single-engine jet aircraft. In addition, the company indicated it may sell its facilities at Oklahoma City, Okla. where the Peregrine work was being done.

Suspension of work on the Peregrine was surprising, because the program was a favorite of Gulfstream Chairman Allen E. Paulson *(BA, Feb. 20, 1984/61).* In addition, the company's most recent prior mention of the Peregrine — when termination of the Commander turboprop line was announced in January *(BA, Jan. 21/17)* — indicated that the Peregrine project was progressing as planned. Gulfstream said at that time some of the workers laid off at the Oklahoma City plant were expected to be recalled to perform subassembly work of the Gulfstream III and IV and to work on the Peregrine. The company said then it had received some 4,000 inquires about the Peregrine, had deposits for 40 of the aircraft and had signed firm contracts for 21 aircraft.

Net Income Cut In Half

In announcing the decline in earnings last week, Gulfstream said the decrease "was primarily the result of substantial expenditures for research and development pertaining to the Gulfstream IV and the Peregrine aircraft." Gulfstream reported 1984 revenues of $601.6 million, up 11.5 percent from 1983, but income from continuing operations fell 17.6 percent to $48.4 million and net income per share fell from $1.62 in 1983 to 80 cents per share last year. James Bradbury, senior vice president-finance and administration, said 1984 net income was about $27 million compared to $53.1 million in 1983. Given that drop, a spokesman said, "something had to give." Bradbury said the company had anticipated spending about $40 million on research and development in 1985, which included some $17 million for the Peregrine. Officials decided they could not continue both programs simultaneously and decided to suspend work on the Peregrine, wchich Bradbury described as "a new aircraft in a down market." He said Gulfstream officials still believe the Peregrine has a lot of potential, "but the timing is terrible."

Outlook for Oklahoma Plant Unclear

Paulson said in last week's announcement that the Oklahoma organization will continue building and selling spare parts for the Commander line and efforts to dispose of the existing Commander inventory. In addition, he said the Oklahoma plant will continue to support the increased workload of subcontract work for the Gulfstream IV, which is being built in Savannah, Ga. He added, however, that "we have been contacted by several interested parties that are reviewing the facilities for possible acquisition. An acquisition holds the potential of restarting the Peregrine and the Commander propjet line. It also could allow the completion of the Model 1200 aircraft development and certification program, and could produce further revenues for Gulfstream Aerospace Corp. in the form of royalties in future years."

(Continued on the following page)

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS GROUP PUBLICATIONS INC. COPYRIGHT @ 1985 NEWS GROUP PUBLICATIONS INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $210. SIX MONTHS $125.

TOP 50 REGIONAL-COMMUTER AIRLINES IN 1984

1984 Rank	Carrier	1984 Passengers	1983 Rank
1.	Mid Pacific Airlines	1,338,284	1
2.	PBA	1,331,491	3
3.	Britt Airways	1,204,885	2
4.	Air Wisconsin	1,095,000	4
5.	Empire Airlines	1,073,452	5
6.	Metro Airlines*	844,839	7
7.	Horizon Airlines	769,625	11
8.	Mississippi Valley Airlines	741,279	8
9.	Henson Airlines	733,536	6
10.	Air Midwest**	710,782	16
11.	Skywest/Sun Aire	652,698	42
12.	Atlantic Southeast Airline	613,900	18
13.	PRINAIR	576,795	9
14.	Ransome Airlines	566,754	10
15.	Rocky Mountain Airways	481,619	15
16.	Pennsylvania Airlines	464,462	13
17.	Aspen Airways	443,958	17
18.	Com air	417,601	22
19.	Rio Airways	408,798	12
20.	Royale Airlines	400,361	31
21.	Cascade Airways	389,279	19
22.	Simmons Airlines	376,134	33
23.	Wings West Airlines	360,075	29
24.	Suburban Airlines	346,226	23
25.	Wright Airlines	307,998	14
26.	Imperial Airlines	303,323	20
27.	Pilgrim Airlines	301,406	24
28.	Bar Harbor Airlines	297,875	27
29.	Name withheld by request	285,000	--
30.	Midstate Airlines	277,413	30
31.	Brockway Air***	276,322	43
32.	Chautauqua Airlines	269,091	38
33.	Command Airways	258,585	35
34.	Air Virginia	248,102	25
35.	Gull Air	223,294	60
36.	Frontier Commuter****	220,000	--
37.	Crown Airways	211,813	40
38.	Royal Hawaiian Air Service	202,451	34
39.	Fischer Brothers Aviation	192,635	41
40.	Pocono Airlines	191,938	48
41.	Crownair/Dorado Wings	175,000	56

(Continued on Back of Following Page)

FAA TO RELEASE CARRIERS FROM SCHEDULING CONTROLS – In a letter to the Air Transport Association, FAA Administrator Donald Engen has told the airlines that the scheduling controls they agreed to last September at several of the nation's busiest airports will no longer be imposed after April 1, even though the busy summer season begins on that date. He asked, however, that carriers which want to make a "significant adjustment or addition to their existing schedules" at the airports first contact the FAA. The controls were imposed last fall because the air traffic system was "experiencing an unprecedented amount of delays," Engen said. The controls were put into place at Atlanta, Denver, Newark, Chicago, LaGuardia and Kennedy. Engen said the high density rule will remain in effect at the latter three airports, "although we are currently reviewing that rule." He said measures put into place since then to increase system capacity had worked well enough to loosen controls if carriers do "not revert to the bunching of large numbers of operations within small timeframes."

REGIONAL CARRIER CONSOLIDATION CONTINUES – Some 203 regional and commuter passenger carriers and all 18 all-cargo commuter carriers are currently providing scheduled services, a slight increase over 1983, but a shakeout of the industry is continuing, according to the Regional Airline Association.

Roughly 50 fewer passenger carriers are operating today in the continental U.S. than in 1981, and the slight gain in number in 1984 over 1983 is "entirely attributable to a large increase in the number of Alaskan scheduled operators, following the suspension of service in that state by several large intra-state airlines last year," according to Alan Stephen, RAA vice president-operations. Stephen said that commuter/regional carriers showed a traffic increase of 29 percent in 1984 to 4.17 billion revenue passenger miles, while the number of enplaned passengers climbed 20 percent to 26.1 million *(BA, Feb. 25/61).*

All-cargo commuter operations continued to decline in number, as well as in cargo lifted and in both aircraft and hours flown, "reflecting the changing nature of the air cargo industry under deregulation," Stephen said. The decline is being offset by an increase in contracted air cargo services and by a general increase in cargo activity by passenger commuter carriers, he said. RAA does not keep statistics on contracted cargo operations.

Stephen said the number of aircraft in regional passenger service rose by 199 during 1984 to 1,747, representing a 17 percent increase in lift based on seat configuration and average utilization. Fleet flying hours in revenue service increased 14 percent to 2.76 million. Turboprops seating 15 to 30 continue to post the biggest gains and now account for about 54 percent of lift capacity. Fairchild Metro with 19 seats, Shorts 330/360 seating 30/36 and the Fokker F27 were the top three aircraft in use in 1984, he said, when ranked by total available seats delivered. In numbers of actual aircraft, the Cessna 402 still ranks first with 212, followed closely by the Metro with 191. Charts detailing the commuter/regional industry in 1984 are reprinted *on the backs of Pages 82-86.*

LEARJET REPORTS $10.6 MILLION LOSS FOR 1984 – Gates Learjet Corp., which suspended production of commercial aircraft last September, reported a loss of $10.6 million for calendar 1984, compared to a profit of $449,000 during 1983. The company, which recently announced it is resuming production of Series 35/36 aircraft *(BA, March 4/68),* reported total sales of $406.6 million in 1984, up 16 percent from the $350.5 million in 1983. For the fourth quarter, Learjet reported a loss of $9.3 million on sales of $122.4 million, compared to profits of just over $10 million on sales of $143.9 million during the comparable period of 1983.

The company attributed 1984's loss to the decline of commercial aircraft volume, depreciation and carrying costs for the C-21A aircraft being leased to the U.S. Air Force, increased development cost associated with the Learjet-Piaggio turboprop program and fourth quarter adjustments to inventories and other company assets. Learjet said it delivered 72 new aircraft in 1984, 32 to commercial customers and 40 under the Air Force contract, and 51 used business aircraft – more than double the number of used planes delivered in 1983. The company said that several actions taken last year were aimed at conserving its cash position. "While impacting negatively on 1984 results, the actions will have a positive effect on the company's future financial performance," Learjet said.

42.	American Central Airlines	174,386	51
43.	Chaparral Airlines	164,834	44
44.	South Jersey Airways	161,411	45
45.	SEAIR Alaska Airlines	146,000	57
46.	NEWAIR	142,696	47
47.	Precision Airlines	140,657	49
48.	Pacific Coast Airlines	140,063	55
49.	ERA Helicopters	140,000	--
50.	San Juan Airline	121,406	59
	Total enplanements top 50 airlines	21,916,000	84%
	Total industry enplanements	26,140,000	100%
	Total revenue passenger miles top 50 airlines (000's)	3,501,000	84%
	Total industry revenue passenger miles (000's)	4,174,000	100%

* Metro Airlines traffic inclusive of its Eastern Metro Express Subsidiary.
** Air Midwest traffic inclusive of its Air Midwest Skyways Subsidiary.
*** Brockway Air inclusive of Air North and Clinton Aero.
**** Frontier Commuter has suspended flight operations.

(See Related Chart on Back of Following Page)

1984 REGIONAL-COMMUTER AIRLINE RESULTS

	1983	1984	%Change
Carriers Operating:			
Passenger	196	203	+ 4%
Cargo	22	18	-18%
Traffic Statistics:			
Passengers (millions)	21.8	26.1	+20%
RPMs (billions)	3.24	4.17	+29%
Av. Pax Trip (miles)	149	160	+ 7%
Cargo Pounds (millions)	396	324	-18%
Aircraft in Service:			
Passenger	1,545	1,747	+13%
All Cargo	260	168	-36%
Hours Flown in Revenue Service (000s):			
Passenger	2,415	2,764	+14%
All Cargo	230	155	-33%
Total Airports Served in North America:			
by Regional/Commuters	854	852	-0-
by Majors/Nationals	304	283	- 7%
Airports Exclusively Served			
by Regional/Commuters	609	614	+.8%
by Majors/Nationals	27	27	-0-

(See Related Chart on Back of Following Page)

BUSINESS AVIATION BRIEFS

CONTINUING SHAKEOUT of the commuter/regional airline industry is apparent in a review of the top 50 carriers in 1984 *(see list on the backs of Pages 82 and 83)*. At least six of the top 50 were either grounded by FAA, filed bankruptcy petitions, agreed to be acquired by another carrier or suspended operations in the past six months.

• • •

NEW INTERNAL REVENUE SERVICE REGULATIONS restricting personal transportation on company aircraft, along with the possibility that the Investment Tax Credit (ITC) will be eliminated and aircraft depreciation rules modified *(BA, March 11/73)*, appears to be adversely affecting all GA aircraft manufacturers. Officials at a number of manufacturers have told *BA* that customers who were ready to sign up for new aircraft have put the orders on hold indefinitely until the tax issues are resolved.

• • •

FOKKER AIRCRAFT said Ansett Transport Industries of Australia has converted five options for the new Fokker 50 turboprop into firm orders, boosting Ansett's total order to 15 aircraft *(BA, Feb. 18/51)*.

• • •

UNITED AUTO WORKERS MEMBERS, who had been on strike at de Havilland Aircraft of Canada, returned to work March 11 folllowing ratification of a new contract with the company *(BA, March 11/78)*.

• • •

REGIONAL AIRLINE ASSOCIATION members are expected to charge that practices by computer reservations systems (CRS) vendors are predatory and anti-competitive during testimony before the Senate aviation subcommittee this week. The subcommittee is examining the CRS issue in an attempt to determine "whether bias exists in the listings of (CRS) systems" and to "assess the fees charged to participating airlines and the effect on competition." Hearing begins this Tuesday and also will include testimony from officials of the carriers providing the CRS services.

• • •

TRANSPORTATION DEPARTMENT late Friday, responding to complaints that DOT is delaying FAA rulemaking activities *(see related story on Page 82)*, released copies of letters to members of Congress who had raised the issue. Transportation Secretary Elizabeth Dole told Rep. Norman Mineta (D-Calif.) that she wanted to "assure you that both FAA and OST (Office of the Secretary of Transportation) staff will continue to make every possible effort to preclude FAA regulatory actions from being unnecessarily delayed. I believe the Department's record to date has been good and will continue to improve," adding that DOT will "stay in close touch with OMB to encourage prompt review of significant rulemakings."

• • •

FEDERAL AVIATION ADMINISTRATION has issued the fifth in a series of proposed rule changes regarding helicopter operations resulting from the agency's ongoing Rotorcraft Regulatory Review. The latest proposals, which covered 28 pages in the March 13 *Federal Register*, include suggested changes to Parts 1, 43, 45, 61, 91, 133 and 135 of the *Federal Aviation Regulations*. Comments are due July 10.

• • •

GARRETT General Aviation Services Company has scheduled a series of five two-day TFE731 engine seminars in April at various locations around the country. Seminars will be held in New York, Illinois, Georgia, Texas and California and will include technical and program updates, a fuel system review and an update on current component and performance restoration techniques. For additional information operators should contact: David Long, manager of marketing and sales, at (213) 646-7678.

• • •

HARRY HALTON, who was executive vice president of Canadair from 1980 until his retirement in June 1983, has been elected to Canada's Aviation Hall of Fame in Edmonton, Alberta.

SUMMARY OF AIRCRAFT IN REGIONAL-COMMUTER AIRLINE USE IN 1984

85a

MANUFACTURER	Piston Engine Single-	Piston Engine Multi-	Turbo-prop	Jet	Heli-copter	Aircraft total
Aerospatiale	*	*	15	*	5	20
Beech	2	14	147	*	*	163
Bell	*	*	*	*	18	18
British Aerospace	*	*	30	13	*	43
Britten-Norman	*	48	*	*	*	48
Cessna	116	229	4	*	*	359
CASA	*	*	20	*	*	20
Convair	*	1	54	*	*	55
deHavilland	33	5	152	*	*	190
Douglas	*	22	*	*	*	22
Embraer	*	*	111	*	*	111
Fairchild (Swearingen)	*	*	193	*	*	193
Fokker	*	*	55	13	*	68
Grumman	*	20	18	*	*	38
Martin	*	12	*	*	*	12
Nihon	*	*	27	*	*	27
Piper	56	175	8	*	*	239
Shorts	*	*	88	*	*	88
Misc*	2	2	16	1	12	33
TOTAL 1984	219	528	938	27	35	1,747
TOTAL 1983	154	545	798	18	33	1,548
CHANGE	+65	-17	+140	+9	+2	+199
AIRCRAFT IN EXCLUSIVE CARGO USE						
TOTAL ALL MAKE/MODELS	22	85	59	2	*	168
TOTAL ACFT ALL USES	241	613	997	29	35	1,915
PERCENT CHANGE 84/83	+7%	-21%	+24%	-32%	-15%	+3%

*Misc. - Aero Commander (6); Dornier (4); Hughes (2); Helio (2); IAI (4); Lear (1); Mitsubishi (4); Sikorsky (6); Westland (4).

(See Related Chart on Back of Following Page)

TOP REGIONAL-COMMUTER PASSENGER AIRCRAFT IN 1984

Manufacturer/ Model	% of total fleet seating capacity	Total Acft in Airline Service	Fleet Flying Hours (000s)
Fairchild (Swearingen) Metro (all models)	13.6%	191	420.1
Shorts SD3-30/3-60	11.0	88	199.3
Fokker/Fairchild F-27 series	8.3	55	106.2
deHavilland Dash 7	7.6	38	89.0
deHavilland Twin Otter	7.5	114	233.5
Embraer Bandeirante	7.3	111	240.9
Convair 580/600/640	6.0	54	79.7
Beech Model 99	5.9	119	232.1
Nihon YS-11	5.3	27	53.7
Fokker F-28	4.1	12	29.2
Cessna 402	3.4	212	252
Total Top Aircraft	80.0%	1,021 (58%)	1,933.9 (70%)
All Others in Service	20.0%	726 (42%)	1,830.2 (30%)
TOTAL INDUSTRY	100.0%	1,747 (100%)	2,764.1 (100%)

(See Related Chart on Back of Following Page)

C6240-1

THE WEEKLY OF
BUSINESS AVIATION

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

Vol. 40 No. 12 March 25, 1985 Page 89

INSIDE

DOT Says CRS Action Premature ..... Page 91

Gulfstream Studying G-IV Airliner .... Page 92

February Shipments and Billings ..... Page 93

Business Aviation Briefs ..... Page 94

Marketplace ..... Page 96

GLICKMAN EXPECTED TO INTRODUCE BROADER AIRCRAFT TAX BILL

Rep. Dan Glickman (D-Kan.), who earlier introduced legislation to eliminate additional tax liability for persons who travel free on a space available basis on company-owned transportation *(BA, March 11/73)*, is expected to introduce an expanded bill this week that will address the issue of how to value personal transportation on business aircraft. Under Internal Revenue Service regulations that went into effect Jan. 1, valuations ranging from full airline coach fare to charter rates would be assigned to the gross incomes of persons who make personal trips on company aircraft. Glickman's bill is expected to provide for valuations similar to those proposed by general aviation interests, who are seeking a tiered series of valuations based on the weight of the aircraft and ranging from one-half coach fare to the equivalent of first class air fare.

In addition to supporting Glickman's efforts, general aviation lobbyists also are preparing to appear at an IRS public hearing on the new regulations. That hearing is scheduled to run April 16-18 and GA interests are seeking an appearance on the 18th that would include testimony from representatives of the Aircraft Owners and Pilots Association, General Aviation Manufacturers Association, National Air Transportation Association and the National Business Aircraft Association. It is expected that chief executives of some of the member companies of those organizations will testify at the hearing.

AVCO, DEERE ANNOUNCE ROTARY ENGINE DEVELOPMENT PROGRAM

Avco Corp. announced agreement last week with Deere & Co. on a joint development program for a rotary engine that Avco said would result in certification of an aircraft rotary engine by the end of 1989. "There hasn't been a truly fundamental change in engines for 30 years," said Howard Knutson, president of Avco Lycoming Williamsport Division, adding that, "I think the market is just crying for an engine like this."

John Deere Technologies International (JDTI) purchased all rights to the Stratified Charge Omnivorous Rotary Engine (SCORE) from Curtiss-Wright Corp. in February 1984 and has been pursuing development of the engine since then. Under the agreement with Avco, the aircraft engine manufacturer and JDTI will jointly spend in excess of $30 million over the next five years to develop, test and certify an aviation rotary engine. Avco, which will make royalty payments to Deere after the engine goes into production, will have worldwide rights to all aviation propulsion applications of the powerplant, while Deere will pursue other applications.

Knutson said the rotary engine will have a higher horsepower to weight ration, a smaller frontal area, will cost less than a turbine engine of comparable horsepower, be superior in high altitude performance and have lower fuel consumption at all power settings. One of the most important advantages will be its ability to operate on a variety of different fuels. First engines to be built will be designed for jet fuel because of its cheaper price and wider availability, but he said with minor modifications the stratified charge rotary would be able to burn aviation gasoline, liquid petroleum gas, alcohol, methane or diesel fuel.

Avco's first rotary engine will be liquid-cooled and aimed at the 350-400 horsepower general aviation market. The technology should permit later engines to be scaled up or down from 50 to 1,500 horsepower, but officials indicated Avco will probably concentrate on moving up in horsepower rather than down, with

(Continued on the following page)

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS GROUP PUBLICATIONS INC. COPYRIGHT © 1985 NEWS GROUP PUBLICATIONS INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $210. SIX MONTHS $125.

BUSINESS/PERSONAL AIRCRAFT INDUSTRY – FEBRUARY UNIT SHIPMENTS

		Feb. 85	Cal. Year
BEECH AIRCRAFT CORP.			
• Single-Engine			
BE-77	Skipper	0	0
BE-C23	Sundowner	0	0
BE-C24R	Sierra	0	0
BE-F33A	Bonanza	2	3
BE-V35B	Bonanza	0	0
BE-A36	Bonanza	5	10
BE-B36TC	Bonanza	0	0
• Multi-Engine			
BE-B55	Baron	0	0
BE-E55	Baron	0	0
BE-58	Baron	3	4
BE-58TC	Baron	0	0
BE-58P	Baron	0	2
BE-76	Duchess	0	0
BE-860	Duke	0	0
BE-C99	Airliner	0	0
BE-C90-1	King Air	1	2
BE-F90-1	King Air	0	1
BE-B100	King Air	0	0
BE-200	Super King Air	2	3
BE-200C	Super King Air	1	1
BE-300	Super King Air	2	4
BE-200T	Super King Air	0	0
BE-C99	Commuter	0	0
BE-1900	Commuter	0	0
BE-1900C	Commuter	2	2
TOTAL		18	32
Manufacturers net billing – $18,519,466.50			
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream 31	0	1
HS-748		0	0
BAe 146-100		0	0
BAe 146-200		1	1
HS-125-800	Model A	0	2
HS-125-800	Model B	0	0
TOTAL		1	4
PILATUS BRITTEN-NORMAN LTD.			
• Multi-Engine			
BN-2B	Islander	0	0
BN-2T	Islander	0	0
Mark III	Trislander	0	0
TOTAL		0	0
CANADAIR LIMITED			
• Multi-Engine			
CL-600	Challenger	1	1
CL-601	Challenger	2	5
TOTAL		3	6
CESSNA AIRCRAFT CO.			
• Single-Engine			
CE-152		6	17
CE-A152	Aerobat	0	0
CE-172	Skyhawk	17	39
CE-172	Cutlass	0	0
CE-172RG	Cutlass	0	1
CE-182	Skylane	9	20
CE-182	Turbo Skylane	0	0
CE-182RG	Skylane RG	2	3
CE-182RG	Turbo Skylane RG	0	1
CE-185	Skywagon	2	4
CE-U206	Stationair 6	3	8
CE-TU206	Turbo Stationair 6	6	8
CE-207	Stationair 8	0	0
CE-TU207	Turbo Stationair 8	0	0
CE-210	Centurion	1	1
CE-T210	Turbo Centurion	3	3
CE-P210	Pressurized Centurion	5	5
CE-188	AgHusky	0	0
CE-188	AgTruck	0	0
• Multi-Engine			
CE-303	Crusader	1	2
CE-335		0	0
CE-340		0	0
CE-402		0	1
CE-404	Titan	0	0
CE-414	Chancellor	0	0
CE-421	Golden Eagle	0	0
CE-208	Caravan I	2	2
CE-425	Conquest I	6	10
CE-441	Conquest II	3	4
CE-500	Citation I	0	0
CE-550	Citation II	0	0
CE-550S/II	Citation II	3	5
CE-650	Citation III	4	5
CESSNA/REIMS AVIATION			
• Single-Engine			
CE-F152		0	1
CE-F152	Aerobat	0	0
CE-F172	Skyhawk	0	0
CE-FR172	Hawk XP	0	0
CE-F182	Skylane	0	0
CE-F182RG	Skylane RG	0	0
TOTAL		73	140
Manufacturers net billing – $49,527,889			
AVIONS-MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	1	1
AD-My.20	Falcon	0	0
AD-My.200	Falcon	1	3
AD-My.50	Falcon	0	0
TOTAL		2	4
DEHAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-5		0	0
DHC-6		3	3
DHC-7		0	1
TOTAL		3	4
EMBRAER			
• Single-Engine			
EMB-200		0	0
EMB-201	Ipanema	3	6
EMB-710	Carioca (PA-28-235 Dakota)	0	2
EMB-711	Corisco (PA-28RT-201 Arrow)	0	0
EMB-712	Tupi (PA-28-181 Archer II)	0	0
EMB-720	Minuano (PA-32-310 Seratoga)	0	0
EMB-721	Sertanejo (PA-32R-301 Seratoga)	0	0
• Multi-Engine			
EMB-110P	Bandeirante	1	7
EMB-110P1A	Bandeirante	0	0
EMB-121	Xingu	0	1
EMB-810D	Seneca II	5	6
EMB-820	Chieftain	0	1
TOTAL		9	23
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III-C		0	0
Fairchild 300		0	0
Merlin IV-C		1	1
Metro III		1	1
Expediter		0	0
TOTAL		2	2
GATES-LEARJET			
• Multi-Engine			
LR-25D		0	0
LR-29		0	0
LR-35A		1	1
LR-36A		0	0
LR-55		1	1
TOTAL		2	2
GULFSTREAM AEROSPACE			
• Multi-Engine			
GR-1159A	Gulfstream III	1	1
AE-840	Turbo Commander	0	0
AE-900	Commander 900	0	0
AE-980		0	0
AE-1000		2	5
TOTAL		3	6

		Feb. 85	Cal. Year
ISRAEL AIRCRAFT INDUSTRIES			
• Multi-Engine			
1124	Westwind 1	0	0
1124A	Westwind 2	0	0
TOTAL		0	0
LAKE AIRCRAFT			
• Single-Engine			
LA-4-200EP		0	2
LA-250	Renegade	0	1
TOTAL		0	3
MAULE AIR INC.			
• Single-Engine			
M-5-180C		1	2
M-5-200		0	0
M-5-235C	Lunar Rocket	0	1
M-6-235		0	0
M-7-180		2	2
M-7-235	Super Rocket	2	3
TOTAL		5	8
Manufacturers net billing – $219,526			
MITSUBISHI			
• Multi-Engine			
Solitaire		0	0
Marquise		0	0
Diamond		0	1
TOTAL		0	1
MOONEY AIRCRAFT CORP.			
• Single-Engine			
M-20J	201	7	14
M-20K	231	3	4
TOTAL		10	18
PIPER AIRCRAFT CORP.			
• Single-Engine			
PA-38-112	Tomahawk	0	0
PA-28-161	Warrior	7	12
PA-28-181	Archer II	4	11
PA-28-236	Dakota	2	3
PA-28RT-201	Arrow IV	0	0
PA-28RT-201T	Turbo Arrow IV	2	6
PA-32-301	Saratoga	2	5
PA-32-301T	Turbo Saratoga	0	0
PA-32R-301	Saratoga SP	0	0
PA-32R-301T	Turbo Saratoga SP	2	3
PA-46-310P	Malibu	9	16
• Multi-Engine			
PA-31-310	Navajo	0	0
PA-31-325	Navajo C/R	0	0
PA-31-350	Chieftain	1	1
PA-31P-350	Mojave	5	7
PA-31T-500	Cheyenne I	0	0
PA-31T-500	Cheyenne IA	1	2
PA-31T-620	Cheyenne II	0	0
PA-31T2-620	Cheyenne IIXL	0	0
PA-42-720	Cheyenne III	0	0
PA-42-720	Cheyenne IIIA	0	0
PA-42-400LS	Cheyenne	1	3
PA-34-220T	Seneca III	3	7
PA-44-180	Seminole	1	1
PA-44-180T	Turbo Seminole	0	0
PA-601B	Aerostar	0	0
PA-601P	Aerostar	0	0
PA-602P	Aerostar	0	0
PA-700P	Aerostar	2	5
PA-T1020		0	0
PA-T1040		0	0
TOTAL		42	82
Manufacturers net billing – $10,615,193			
SHORT BROTHERS LTD.			
• Multi-Engine			
SBJ-CS-7	Skyvan	*	0
SD-3-30		*	0
SD-3-60		*	1
TOTAL		*	1
	SINGLE-ENGINE	107	217
	MULTI-ENGINE	66	119
	GRAND-TOTAL	173	336

UNIT SHIPMENTS COMPARATIVE TREND: 18 MANUFACTURERS

	February			Calendar Year to Date		
	1985	1984	1983	1985	1984	1983
Beech	18	37	26	32	74	42
British Aerospace	1	4	1	4	5	2
Britten Norman	0	0	0	0	0	0
Canadair	3	1	*	6	3	*
Cessna	73	69	118	140	123	219
Dassault	2	3	1	4	3	5
De Havilland	3	4	*	4	6	*
Embraer	9	6	4	23	20	15
Fairchild	2	1	1	2	3	2
Gates	2	1	1	2	1	3
Gulfstream	3	4	6	6	8	8
Israel	*	1	1	0	1	1
Lake	0	0	1	3	1	2
Maule Aircraft Inc.	5	1	2	8	0	5
Mitsubishi	0	2	4	1	6	6
Mooney	10	9	8	18	15	20
Piper	42	49	57	82	82	128
Short	*	1	2	1	2	4
TOTAL	173	193	233	336	353	462

Parentheses show actual Embraer deliveries, not including aircraft kits.
* Figures not available.

C6240-1

THE WEEKLY OF
BUSINESS AVIATION

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

Vol. 40 No. 14 April 8, 1985 Page 105

INSIDE

N.M. Commuter Grounded ..... Page 106
USAF Declines Learjet Options ..... Page 107
FAA Modifies ARO Program ..... Page 108
Business Aviation Briefs ..... Page 109
Marketplace ..... Page 112

HOUSE AND SENATE ACT TO REVERSE IRS RULES ON AIRCRAFT

General aviation industry lobbyists won a major victory last week when both the House and Senate passed separate pieces of legislation aimed at overturning recently enacted Internal Revenue Service regulations on the use of corporate aircraft. Final action on the legislation is not expected before Congress returns from its Easter recess on April 15, at which time a conference committee will meet to resolve differences in the legislation passed by the two houses.

In the House, the provisions affecting aircraft use were attached to a bill that repeals the contemporaneous record-keeping provisions IRS imposed on persons who use company-owned automobiles, an issue that has generated huge volumes of mail to members of Congress from their constituents. The House bill, H.R.1869, does not actually mention aircraft use, but the House Ways and Means Committee's report on it includes the valuation provisions introduced earlier by Rep. Dan Glickman (D-Kan.) in a separate measure *(BA, April 1/97)*.

During debate on the House floor, Glickman noted that the IRS rules regarding "personal travel on business aircraft and hitch-hiking for personal purposes on an empty seat basis on business flights are totally out of line . . . I trust the IRS will heed the guidance of the committee's discussion . . . and move ahead with revisions in their regulations. I would suggest that an appropriate valuation scheme for the purely personal use of these aircraft, not in conjunction with any business trip, would be along the following lines: First, valuation at one-half coach fare for flights on aircraft weighing 6,000 pounds and under; second, valuation at coach fare for flights on aircraft weighing more than 6,000 but up to 10,000 pounds, and, third, valuation at first class fare for flights on aircraft weighing over 10,000 pounds."

Metzenbaum Nearly Derails Senate On Aircraft Relief

While aviation lobbyists were pleased with last week's legislative victories, they emphasized that the battle to overturn the IRS rules is not yet complete. When H.R.1869 came up before the Senate, Sen. Howard Metzenbaum (D-Ohio) objected strenuously to the aircraft valuation provisions in the Ways and Means and Senate Finance Committee reports.

"What we are talking about is a giveaway," Metzenbaum charged. "It is a sheer attempt on the part of the Finance Committee to see to it that the corporate executives of this country are protected: they can use the corporate aircraft to go to the World Series games, to go on a vacation trip, or to take their family wherever they want. They can use it, but they do not have to pay what the Senate thought they should pay in 1984." Metzenbaum introduced an amendment that would have required IRS to continue enforcing the regulations it adopted at the beginning of the year *(BA, Jan. 7/1)*. After considerable debate, Metzenbaum's amendment was defeated by a single vote, 47-46.

In later discussion, Senate Majority Leader Robert Dole (R-Kan.) noted that the initial IRS aircraft regulations "do not distinguish among various types of business aircraft, although I am sure everyone would agree that there are substantial differences in comfort and convenience between the largest corporate jets and more modest aircraft. In addition, as a general matter, the values provided in the regulations were unrealistically high . . . the Finance Committee agreed yesterday that the temporary regulations do not ac-

(Continued on the following page)

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS GROUP PUBLICATIONS INC. COPYRIGHT © 1985 NEWS GROUP PUBLICATIONS INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $210. SIX MONTHS $125.

STATUS OF AIRPORT AND AIRWAY TRUST FUND
As Of January 31, 1985

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	7,012,149,905.31	6,440,835,770.41
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund) :		
Any liquid fuel except gas	6,985,000.00	23,451,299.00
Tires used on aircraft	0.00	0.00
Tubes used on aircraft	0.00	0.00
Gasoline		
1. Commercial 9 cents tax	232,000.00	906,000.00
2. Non-commercial 9 cents tax	2,588,000.00	8,675,384.00
3. Non-commercial 3 cents tax	862,000.00	2,439,128.00
4. Transp by air,seats,berths,etc.	208,962,000.00	836,026,730.00
Use of international trav fac	6,563,000.00	28,760,424.00
Transp of property and cargo	14,390,000.00	53,351,089.00
Total Tax Receipts	240,582,000.00	953,610,054.00
B. Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	0.00	333.00
2. Any liquid fuel except gas	0.00	2,346,988.00
3. Gasoline -Retailer's tax	0.00	537.00
Total Reimburse for Tax Refunds	0.00	2,347,858.00
Net Tax Receipts	240,582,000.00	951,262,196.00
C. Interest on Investments	1,037,063.59	353,641,562.80
Net Receipts	241,619,063.59	1,304,903,758.80
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	171,030,826.33	276,030,641.72
2. Grants-in-aid for airports	56,463,585.50	293,713,309.37
3. Facilities & equipment	32,591,531.92	124,080,619.14
4. Research engineering & development	21,761,714.11	73,243,600.94
B. NOAA weather services	0.00	6,750,000.00
C. Interest on Refund of Taxes	0.00	47.00
Total Expenditures	281,847,657.86	773,818,218.17
IV. BALANCE - END OF PERIOD	6,971,921,311.04	6,971,921,311.04
ASSETS :		
Undisbursed Balances:		
Airport & Airway Trust Fund	95.68	
Operations	358.28	
Grants-in-aid for Airports	-18,368,386.16	
Facilities & Equipment	67,817,890.56	
Research Engineering & Development	41,428,352.68	
NOAA weather services	0.00	
		90,878,311.04
Investments :		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS :		
11-1/4% maturing June 30, 1985	800,875,000.00	
11-1/8% maturing June 30, 1985	5,605,955,000.00	
11-3/8% maturing June 30, 1985	474,213,000.00	6,881,043,000.00
Total Assets		6,971,921,311.04
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		6,971,921,311.04
Total Liabilities and Equity		6,971,921,311.04

Treasury Department Chart

C6240-1

THE WEEKLY OF
BUSINESS AVIATION

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

Vol. 40 No. 15 April 15, 1985 Page 113

INSIDE

Sundancer Financing On Track .....Page 114

Sunbird, Piedmont Join Forces .....Page 115

Raytheon Forms Ventures Unit .....Page 116

March Shipments and Billings .....Page 117

Business Aviation Briefs ..... Page 118

MORE THAN A DOZEN AVIATION GROUPS TO TESTIFY AT IRS HEARINGS

At least half of the 28 groups or individuals scheduled to testify this Thursday at an Internal Revenue Service hearing on fringe benefit taxation will be representing some facet of the aviation industry. Schedule published by IRS indicates that general aviation interests will be well represented with testimony from representatives of the General Aviation Manufacturers Association, Cessna Aircraft, the Corning Glass Works flight department and the chairman of Corning, the National Business Aircraft Association, Executive Air Fleet, National Air Transportation Association and the Aircraft Owners and Pilots Association. In addition, Rep. Dan Glickman (D-Kan.) is scheduled to be the first speaker at Thursday's hearing. Glickman is one of the leaders in the ongoing legislative effort to overturn existing IRS valuations for the personal use of business aircraft *(BA, April 8/105)*.

Although it appears likely that Congress will complete action in the near future to require IRS to modify its existing regulations regarding taxation of business aircraft, aviation interests are taking this week's IRS hearings seriously. Industry lobbyists note that it is still important to convince IRS that its current valuation scheme drastically inflates the value of travel on company-owned aircraft, adding that the nature of the legislation that led to the IRS fringe benefit regulations could still be subject to interpretations by IRS that could have an adverse impact on aviation.

This week's IRS hearings are scheduled to take up three days. While aviation dominates the third day, the first two sessions will include testimony from a wide range of interest groups, many of whom are expected to object to IRS regulations regarding the use of company-owned automobiles. Among those scheduled to testify are representatives of: the American Pulpwood Association, the Professional Photographers of America, the National Association of Plumbing and Heating Contractors, leasing companies, tax attorneys and accountants, a number of state and local law enforcement agencies and the Panama Canal Commission.

JAMES TAYLOR NOMINATED FOR SEAT ON LEARJET BOARD OF DIRECTORS

James B. Taylor, who recently retired as chairman of Canadair's U.S. marketing subsidiary, has been nominated for a seat on the Gates Learjet Corp. board of directors. Announcement of Taylor's nomination to the board was made in a proxy statement and notice of the company's annual shareholders meeting, which is scheduled for May 8 in Tucson, Ariz.

The notice to stockholders identifies Taylor, 63, as having been chairman of Canadair, Inc. from 1983 to retirement on the first day of 1985 and prior to that as senior vice president of Canadair Ltd. and president and chief executive officer of Canadair Inc. from 1980 to 1983. Taylor is widely recognized as one of the most successful business jet marketers in the industry. He headed marketing efforts in the U.S. for Dassault when the Falcon line of aircraft was introduced in the 1960s. He moved to Wichita to head marketing of Cessna's Citation business jet line in the early 1970s before moving to Canadair to oversee marketing efforts for the Challenger business jets.

The Learjet board currently includes eight members, all of whom are up for election, including Charles C. Gates, who owns or exercises control over 7.8 million shares of Learjet stock, 64.8 percent of the total

(Continued on the following page)

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS GROUP PUBLICATIONS INC. COPYRIGHT © 1985 NEWS GROUP PUBLICATIONS INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $210. SIX MONTHS $125.

BUSINESS/PERSONAL AIRCRAFT INDUSTRY – MARCH UNIT SHIPMENTS

		March 85	Cal. Year
BEECH AIRCRAFT CORP.			
• Single-Engine			
BE-77	Skipper	0	0
BE-C23	Sundowner	0	0
BE-C24R	Sierra	0	0
BE-F33A	Bonanza	1	4
BE-V35B	Bonanza	0	0
BE-A36	Bonanza	4	14
BE-B36TC	Bonanza	0	0
• Multi-Engine			
BE-B55	Baron	0	0
BE-E55	Baron	0	0
BE-58	Baron	3	7
BE-58TC	Baron	0	0
BE-58P	Baron	1	3
BE-76	Duchess	2	2
BE-B60	Duke	0	0
BE-C99	Airliner	0	0
BE-C90-1	King Air	2	4
BE-F90-1	King Air	1	2
BE-B100	King Air	0	0
BE-200	Super King Air	4	7
BE-200C	Super King Air	0	1
BE-300	Super King Air	5	9
BE-200T	Super King Air	0	0
BE-C99	Commuter	0	0
BE-1900	Commuter	0	0
BE-1900C	Commuter	3	5
TOTAL		26	58
Manufacturers net billing – $32,623,781.74			
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream 31	4	5
HS-748		0	0
BAe 146-100		2	2
BAe 146-200		0	1
HS-125-600	Model A	0	2
HS-125-800	Model B	2	2
TOTAL		8	12
PILATUS BRITTEN-NORMAN LTD.			
• Multi-Engine			
BN-2B	Islander	0	0
BN-2T	Islander	0	0
Mark III	Trislander	0	0
TOTAL		0	0
CANADAIR LIMITED			
• Multi-Engine			
CL-600	Challenger	0	1
CL-601	Challenger	0	0
TOTAL		0	1
CESSNA AIRCRAFT CO.			
• Single-Engine			
CE-152		2	19
CE-A152	Aerobat	0	0
CE-172	Skyhawk	21	60
CE-172	Cutlass	2	2
CE-172RG	Cutlass	3	4
CE-182	Skylane	6	26
CE-182	Turbo Skylane	0	0
CE-182RG	Skylane RG	1	4
CE-182RG	Turbo Skylane RG	0	1
CE-185	Skywagon	2	6
CE-U206	Stationair 6	1	9
CE-TU206	Turbo Stationair 6	1	9
CE-207	Stationair 8	0	0
CE-TU207	Turbo Stationair 8	0	0
CE-210	Centurion	1	2
CE-T210	Turbo Centurion	2	5
CE-P210	Pressurized Centurion	1	6
CE-188	AgHusky	0	0
CE-188	AgTruck	0	0
• Multi-Engine			
CE-303	Crusader	0	2
CE-335		0	0
CE-340		0	0
CE-402		1	2
CE-404	Titan	0	0
CE-414	Chancellor	0	0
CE-421	Golden Eagle	0	0
CE-208	Caravan I	3	5
CE-425	Conquest I	3	13
CE-441	Conquest II	5	9
CE-500	Citation I	2	2
CE-550	Citation II	0	0
CE-550S/II	Citation II	6	11
CE-650	Citation III	1	6
CESSNA/REIMS AVIATION			
• Single-Engine			
CE-F152		0	1
CE-F152	Aerobat	0	0
CE-F172	Skyhawk	0	0
CE-FR172	Hawk XP	0	0
CE-F182	Skylane	0	0
CE-F182RG	Skylane RG	0	0
TOTAL		64	204
Manufacturers net billing – $44,328,294			
AVIONS-MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	0	0
AD-My.20	Falcon	0	0
AD-My.200	Falcon	0	4
AD-My.50	Falcon	1	2
TOTAL		1	6
De HAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-5		0	0
DHC-6		3	6
DHC-7		0	1
TOTAL		3	7
EMBRAER			
• Single-Engine			
EMB-200		0	0
EMB-201	Ipanema	2	8
EMB-710	Carioca (PA-28-235 Dakota)	0	2
EMB-711	Corisco (PA-28RT-201 Arrow)	2	2
EMB-712	Tupi (PA-28-181 Archer II)	0	0
EMB-720	Minuano (PA-32-310 Seratoga)	0	0
EMB-721	Sertanejo (PA-32R-301 Seratoga)	1	1
• Multi-Engine			
EMB-110P	Bandeirante	0	7
EMB-110P1A	Bandeirante	0	0
EMB-121	Xingu	0	1
EMB-810D	Seneca II	3	9
EMB-820	Chieftain	0	1
TOTAL		8	31
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III-C		0	0
Fairchild 300		0	0
Merlin IV-C		0	1
Metro III		2	3
Expediter		0	0
TOTAL		2	4
GATES-LEARJET			
• Multi-Engine			
LR-25D		0	0
LR-29		0	0
LR-35A		1	2
LR-36A		0	0
LR-55		1	2
TOTAL		2	4
GULFSTREAM AEROSPACE			
• Multi-Engine			
GR-1159A	Gulfstream III	6	7
AE-840	Turbo Commander	0	0
AE-900	Commander 900	0	0
AE-980		0	0
AE-1000		0	5
TOTAL		6	12

		March 85	Cal. Year
ISRAEL AIRCRAFT INDUSTRIES			
• Multi-Engine			
1124	Westwind 1	0	0
1124A	Westwind 2	0	0
TOTAL		0	0
LAKE AIRCRAFT			
• Single-Engine			
LA-4-200EP		1	3
LA-250	Renegade	1	2
TOTAL		2	5
MAULE AIR INC.			
• Single-Engine			
M-5-180C		4	6
M-5-200		0	0
M-5-235C	Lunar Rocket	0	1
M-6-235		0	0
M-7-180		3	5
M-7-235	Super Rocket	2	5
TOTAL		9	17
Manufacturers net billing – $324,942			
MITSUBISHI			
• Multi-Engine			
Solitaire		0	0
Marquise		1	1
Diamond		1	2
TOTAL		2	3
MOONEY AIRCRAFT CORP.			
• Single-Engine			
M-20J	201	7	15
M-20K	231	0	10
TOTAL		7	25
PIPER AIRCRAFT CORP.			
• Single-Engine			
PA-38-112	Tomahawk	0	0
PA-28-161	Warrior	3	15
PA-28-181	Archer II	11	22
PA-28-236	Dakota	1	4
PA-28RT-201T	Turbo Arrow IV	2	8
PA-32-301	Saratoga	2	7
PA-32R-301	Saratoga SP	0	0
PA-32R-301T	Turbo Saratoga SP	3	6
PA-46-310P	Malibu	9	25
• Multi-Engine			
PA-31-350	Chieftain	2	3
PA-31P-350	Mojave	2	9
PA-31T-500	Cheyenne I	0	0
PA-31T-500	Cheyenne IA	0	2
PA-31T-620	Cheyenne II	0	0
PA-31T2-620	Cheyenne IIXL	0	0
PA-42-720	Cheyenne III	0	0
PA-42-720	Cheyenne IIIA	0	0
PA-42-400LS	Cheyenne	4	7
PA-34-220T	Seneca III	5	12
PA-44-180	Seminole	0	1
PA-44-180T	Turbo Seminole	5	5
PA-700P	Aerostar	2	7
PA-T1020		0	0
PA-T1040		0	0
TOTAL		51	133
Manufacturers net billing – $15,269,579			
SHORT BROTHERS LTD.			
• Multi-Engine			
SBJ-CS-7	Skyvan	0	0
SD-3-30		0	0
SD-3-60		0	1
TOTAL		0	1
	SINGLE-ENGINE	102	318
	MULTI-ENGINE	89	205
	GRAND-TOTAL	191	523

UNIT SHIPMENTS COMPARATIVE TREND: 18 MANUFACTURERS

	March			Calendar Year to Date		
	1985	1984	1983	1985	1984	1983
Beech	26	36	39	58	110	81
British Aerospace	8	3	3	12	8	5
Britten Norman	0	4	1	0	4	1
Canadair	0	2	*	1	5	*
Cessna	64	69	87	204	192	306
Dassault	1	3	2	6	6	7
De Havilland	3	2	*	7	8	*
Embraer	8	4	10	31	24	25
Fairchild	2	2	2	4	5	4
Gates	2	2	4	4	3	7
Gulfstream	6	4	8	12	12	16
Israel	0	2	1	0	3	2
Lake	2	3	4	5	4	6
Maule Aircraft Inc.	9	4	3	17	5	*
Mitsubishi	2	0	6	3	3	12
Mooney	7	15	12	25	30	32
Piper	51	70	64	133	152	192
Short	*	12	*	1	14	4
TOTAL	191	237	240	523	590	693

Parentheses show actual Embraer deliveries, not including aircraft kits.
* Figures not available.

NOTE

ONLY THE FOLLOWING PAGES OF THIS

PUBLICATION HAVE BEEN FILMED

Cov. 1, p. 144a.

C6240-1

Business and commercial Aviation

THE WEEKLY OF BUSINESS AVIATION

Vol. 40 No. 18 May 6, 1985 Page 137

INSIDE

New GA 'Image' Program Unveiled . . . Page 138
USAir Buying Commuter . . . . . Page 138
Fuel Tank Insurance Offered . . . . . Page 139
FAA Amends IA Regulation . . . . . Page 140
Business Aviation Briefs . . . . . Page 141

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

TREASURY AGREES TO ADOPT MODIFIED AIRCRAFT TAX REGULATIONS

Treasury Department agreed last week to modify the current regulations regarding the personal use of business aircraft, apparently ending the first round of a controversy that erupted when temporary Internal Revenue Service regulations were issued in January *(BA, Jan. 7/1)*. Ronald Pearlman, assistant secretary for tax policy at Treasury, agreed to issue new regulations for aircraft use along the lines of proposals supported by Senate Majority Leader Robert Dole (R-Kan.), Rep. Dan Glickman (D-Kan.) and most general aviation groups *(BA, April 8/105)*. While Pearlman's proposal is somewhat more restrictive than the original Glickman-Dole proposal, general aviation interests said it is far superior to the existing regulations, which they termed punitive.

Agreement on the new regulations was reached during a markup session of a House-Senate conference committee considering changes to the Tax Reform Act of 1984, the legislation that resulted in issuance of the aircraft rules this January. In a letter to Dole *(which is reprinted on the back of Pages 138-139)*, Pearlman agreed to use a sliding scale based on aircraft weight to determine the taxable value of personal trips on corporate aircraft.

Travel On Large Aircraft Valued At 200% Of First Class

Top officials or "control employes" of firms using such aircraft on non-business trips will have their gross incomes increased for tax purposes. Those gross income adjustments will range from 50 percent of the equivalent airline coach fare for travel on aircraft of up to 6,000 pounds gross weight to 200 percent of the first class airline fare for aircraft weighing 25,000 pounds or more. "Non-control employes" making personal trips on company aircraft will have their gross incomes adjusted as follows: from 50 percent of the safe harbor value of tickets issued to the parents of airline employes for flights on aircraft of up to 6,000 pounds to 100 percent of the safe harbor value of tickets issued to parents of airline employes for personal flights on aircraft weighing over 10,000 pounds gross weight.

The Pearlman letter also addresses the question of "empty seat" transportation in company-owned aircraft. Initial IRS rules would have placed a value on incidental personal travel on a business aircraft even if the primary purpose of the flight was business related. In the letter to Dole, Pearlman said IRS will "create a special rule which applies where 50 percent or more of the regular passenger seating capacity of that plane as used by the company is occupied by individuals whose flights are primarily for the employer's business and whose flights are thus excludable from income. In such circumstances, a personal flight by an employe, his spouse or dependent children . . . in any of the remaining seats is deemed to have no value."

Many Questions Remain Unanswered

General aviation interests expressed general satisfaction with the agreement, which removes the issue from the legislative arena in Congress and resolves many of the most serious questions regarding valuation of personal travel on company aircraft. Numerous other questions remain unanswered, however, among them: when will IRS get around to issuing new regulations?; will the public be permitted to submit com-

(Continued on the following page)

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS GROUP PUBLICATIONS INC. COPYRIGHT @ 1985 NEWS GROUP PUBLICATIONS INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $210. SIX MONTHS $125.

144a

AIRPORT AND AIRWAY TRUST FUND
Status As Of Feb. 28, 1985

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	6,971,921,311.04	6,440,835,770.41
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund) :		
Any liquid fuel except gas	7,359,000.00	30,810,299.00
Tires used on aircraft	0.00	0.00
Tubes used on aircraft	0.00	0.00
Gasoline		
1. Commercial 9 cents tax	240,000.00	1,146,000.00
2. Non-commercial 9 cents tax	1,862,000.00	10,537,384.00
3. Non-commercial 3 cents tax	620,000.00	3,059,128.00
4. Transp by air,seats,berths,etc.	194,149,000.00	1,030,175,730.00
Use of international trav fac	6,735,000.00	35,495,424.00
Transp of property and cargo	14,977,000.00	68,328,089.00
Total Tax Receipts	225,942,000.00	1,179,552,054.00
B. Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	0.00	333.00
2. Any liquid fuel except gas	0.00	2,346,988.00
3. Gasoline -Retailer's tax	0.00	537.00
Total Reimburse for Tax Refunds	0.00	2,347,858.00
Net Tax Receipts	225,942,000.00	1,177,204,195.00
C. Interest on Investments	1,197,974.32	354,839,537.12
Net Receipts	227,139,974.32	1,532,043,733.12
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	122,153,990.00	398,184,631.72
2. Grants-in-aid for airports	68,010,699.35	361,724,007.72
3. Facilities & equipment	32,805,826.36	156,886,445.50
4. Research engineering & development	17,973,345.49	91,216,946.43
B. NOAA weather services	0.00	6,750,000.00
C. Interest on Refund of Taxes	0.00	47.00
Total Expenditures	240,943,860.20	1,014,762,078.37
IV. BALANCE - END OF PERIOD	6,958,117,425.16	6,958,117,425.16

ASSETS :		
Undisbursed Balances:		
Airport & Airway Trust Fund	70.00	
Operations	368.28	
Grants-in-aid for Airports	4,902,915.49	
Facilities & Equipment	37,012,064.20	
Research Engineering & Development	23,455,007.19	
NOAA weather services	0.00	
		65,370,425.16
Investments :		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS		
11 % maturing June 30, 1985	72,272,000.00	
11-1/4% maturing June 30, 1985	800,875,000.00	
11-1/8% maturing June 30, 1985	5,545,387,000.00	
11-3/8% maturing June 30, 1985	474,213,000.00	6,892,747,000.00
Total Assets		6,958,117,425.16
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		6,958,117,425.16
Total Liabilities and Equity		6,958,117,425.16

Treasury Department Chart

C6240-1

Business and commercial Aviation

THE WEEKLY OF BUSINESS AVIATION

Vol. 40 No. 19 May 13, 1985 Page 145

INSIDE

Beech's Rembleske Retiring ..... Page 146
EJA, Showalter Join Forces ..... Page 148
April Shipments and Billings ..... Page 149
Business Aviation Briefs ..... Page 150
Marketplace ..... Page 152

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

LEARJET ANNOUNCES RESUMPTION OF MODEL 55 PRODUCTION

Gates Learjet Corp. last week announced the immediate resumption of production of Model 55 Series aircraft, ending a production suspension of that line that began at the end of September *(BA, Sept. 24/97)*. Bermar S. Stillwell, Learjet president, said "the decision to restart the production line has been brought about by improving market conditions and our long-range optimism concerning the sales picture for Learjet aircraft." He indicated that the resumption of production will result in the return to work of about 100 employes who had previously been laid off at the company's Tucson, Ariz. facility. Initial production rate is expected to be 1.5 units per month, but that could not be immediately confirmed last week.

Learjet suspended production of all commercial aircraft last fall and laid off about 1,000 employes because production rates were exceeding the level of new orders. Production of commercial versions of Model 35/36 series aircraft resumed in March *(BA, March 4/68)*. Learjet has continued to produce C-21A (Model 35) aircraft for the U.S. Air Force at a rate of four units per month. Last of the 80 aircraft being leased by the service are expected to be delivered in October. Announcement that Learjet is resuming Model 55 production followed release of the company's first quarter financial report, which included a loss of $3.8 million *(see related story on Page 148)*.

FAA REDUCES EXPERIENCE REQUIREMENTS FOR INSTRUMENT RATINGS

Federal Aviation Administration has changed Part 61 of the *Federal Aviation Regulations* (FAR) which prescribe the minimum flight hour requirements necessary for the issuance of an original or additional instrument rating added to an airman certificate. FAA said the amendment, which responds to "recognized current training technology," will allow the holder of at least a current private pilot certificate to apply for and be issued an instrument rating with less than the minimum 200 hours flight time that had been required. FAA said such a change will "encourage earlier training in and development of instrument flying skills." The new regulations specify that the appropriate level of experience would be obtained by requiring a total of 125 hours of flight experience, including 50 hours cross-country flight time as pilot in command. For more information contact Lauren D. Basham, Certification Branch (AFO-840), General Aviation and Commercial Division, Federal Aviation Administration, 800 Independence Ave., S.W., Washington, D.C. 20591, (202) 426-8196.

ACCIDENT TRIBUNAL PROPOSED TO REDUCE COST OF LITIGATION

An aircraft accident tribunal designed to "significantly reduce litigation, a major cost of aviation products liability" has been proposed by John Howard, director of the Aviation Insurance Association and vice president of the aviation department at Stewart Smith Mid America, Inc. a retail broker of insurance products.

Howard, active in aviation insurance at Stewart Smith for approximately 10 years, was scheduled to introduce the tribunal concept yesterday (May 12) on the first day of AIA's annual convention in Orlando, Fla. As explained in the association's newsletter, *The Binder*, the tribunal's function would be to

(Continued on the following page)

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS GROUP PUBLICATIONS INC. COPYRIGHT © 1985 NEWS GROUP PUBLICATIONS INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $210. SIX MONTHS $125.

MITSUBISHI DIAMOND II RECEIVES TYPE CERTIFICATE – Mitsubishi Aircraft International has been granted a basic type certificate by the Federal Aviation Administration for its Diamond II. Aircraft prototype began flight testing last May and type inspection authorization was received in November. Manufacturer expects certificate of airworthiness on the basic aircraft will be granted this month, with follow on programs for supplemental type certifications on the Branson 33 cubic foot tailcone baggage compartment and fuel tank modifications scheduled for completion by mid-summer. Mitsubishi expects to have seven aircraft ready for delivery at the end of this year. Aircraft will sell for $3.19 million and will be assembled and completed at MAI's facilities in San Angelo, Texas.

EJA, SHOWALTER ESTABLISH INTEGRATED MANAGEMENT PROGRAM – Officials of Executive Jet Aviation, Columbus, Ohio and Showalter Flying Service, Inc., Orlando, Fla. have signed an agreement to join in an Integrated Management Association Program (IMAP). Ownership of the two companies will remain separate, but the IMAP program will encompass four areas of cooperation: flight services; maintenance and avionics services; product support services; and, marketing and finance services. Agreement with Showalter is the first such arrangement EJA has entered into, but it is contemplating similar cooperative efforts with other leading FBOs in different areas of the country as a way of expanding its marketing efforts. EJA officials said they have talked to a couple of other FBOs and may sign up three or four more in addition to Showalter.

Showalter will market EJA's flight services under an enhanced incentive fee structure and is expected to benefit from EJA's extensive experience in jet maintenance, avionics and its large parts inventory. Showalter also will receive marketing and financial services from EJA, which is owned by RTS Capital Services, Inc. of New York, a major lessor of helicopters and fixed-wing aircraft.

Showalter President Robert H. Showalter and EJA President Paul Tibbetts told *BA* the arrangement will have benefits for both companies. It is expected that EJA will be able to "hand over" charter passengers to Showalter when their final destination is near an airport that cannot accommodate EJA's Learjets. EJA also expects to use Showalter's fueling and maintenance facilities when its aircraft are operating in the Southeast. Showalter, a full line Piper Aircraft dealer and the largest FBO at Orlando, expects to benefit from EJA's marketing and financing services. The two firms will be linked by a sophisticated computer network.

FAA PUBLISHES NPRM ON SHOULDER HARNESS INSTALLATION – In response to a petition for rulemaking from the General Aviation Manufacturers Association, safety recommendations from the National Transportation Safety Board and the conclusions of its own crashworthiness study report, Federal Aviation Administration has published a notice of proposed rulemaking addressing the use of shoulder harnesses in normal, utility, and acrobatic category airplanes. Notice, which proposes to amend Parts 23 and 91 of the *Federal Aviation Regulations* (FAR), would require the installation of shoulder harnesses at all seats in the aforementioned category aircraft with a passenger seating configuration of nine or less, excluding pilot seats. Ruling would affect those aircraft manufactured one year after the effective date of the proposed amendment and would also require the pilot-in-command to brief passengers on how to fasten and unfasten shoulder harnesses for takeoff and landing if they (the harnesses) are installed. Comments on the proposal should be received by June 20.

LEARJET REPORTS $3.8 MILLION FIRST QUARTER LOSS – Gates Learjet Corp., faced with a $10 million decline in first-quarter revenues, reported a loss of just under $4 million for the three-month period ended March 31. The company reported a loss of $3.8 million on revenues of $59.1 million, compared to a loss of $1.7 million on sales of $69.3 million in the same period last year. Learjet said revenues from sales of used aircraft "decreased $15 million from last year's exceptionally strong first quarter, which accounted for the 15 percent drop in total sales volume." That decline was partially offset by increases in parts and service sales, along with the addition of lease revenues from the C-21A aircraft being operated by the U.S. Air Force. The company delivered four new aircraft in the first quarter—two Model 55s and two 35As—compared to three new 55s in the first three months of 1984. Although three subsidiaries, Combs Gates, Jet Electronics and Technology and Gates Learjet Aircraft Services Corp., reported profitable operations, the company noted that development expenses associated with the Gates-Piaggio Avanti program increased and that financing required for the C-21A program resulted in additional interest costs.

BUSINESS/PERSONAL AIRCRAFT INDUSTRY – APRIL UNIT SHIPMENTS

		April 85	Cal. Year
BEECH AIRCRAFT CORP.			
• Single-Engine			
BE-77	Skipper	0	0
BE-C23	Sundowner	0	0
BE-C24R	Sierra	0	0
BE-F33A	Bonanza	1	5
BE-A36	Bonanza	12	26
BE-V35B	Bonanza	0	0
BE-B36TC	Bonanza	0	0
• Multi-Engine			
BE-B55	Baron	0	0
BE-E55	Baron	0	0
BE-58	Baron	1	8
BE-58TC	Baron	0	0
BE-58P	Baron	0	3
BE-76	Duchess	1	3
BE-B60	Duke	0	0
BE-C99	Airliner	0	0
BE-C90-1	King Air	3	7
BE-F90-1	King Air	0	2
BE-B100	King Air	0	0
BE-200	Super King Air	2	9
BE-200C-	Super King Air	0	1
BE-300	Super King Air	2	11
BE-200T	Super King Air	0	0
BE-C99	Commuter	0	0
BE-1900C	Commuter	1	6
TOTAL		23	81
Manufacturers net billing – $16,598,500.35			
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream 31	3	8
HS-748		1	1
BAe 146-100		0	2
BAe 146-200		1	2
HS-125-800	Model A	3	5
HS-125-800	Model B	0	2
TOTAL		8	20
PILATUS BRITTEN-NORMAN LTD.			
• Multi-Engine			
BN-2	Islander	0	0
BN-2T	Islander	0	0
Mark III	Trislander	0	0
TOTAL		0	0
CANADAIR LIMITED			
• Multi-Engine			
CL-600	Challenger	0	1
CL-601	Challenger	0	1
TOTAL		0	2
CESSNA AIRCRAFT CO.			
• Single-Engine			
CE-152		5	24
CE-A152	Aerobat	0	0
CE-172	Skyhawk	18	76
CE-172	Cutlass	0	2
CE-172RG	Cutlass	0	4
CE-182	Skylane	5	32
CE-182	Turbo Skylane	0	0
CE-182RG	Skylane RG	2	6
CE-182RG	Turbo Skylane RG	1	2
CE-185	Skywagon	0	6
CE-U206	Stationair 6	6	15
CE-TU206	Turbo Stationair 6	1	10
CE-207	Stationair 8	0	0
CE-TU207	Turbo Stationair 8	0	0
CE-210	Centurion	0	2
CE-T210	Turbo Centurion	4	9
CE-P210	Pressurized Centurion	1	7
CE-188	AgHusky	0	0
CE-188	AgTruck	0	0
• Multi-Engine			
CE-303	Crusader	0	2
CE-335		0	0
CE-340		4	4
CE-402		1	3
CE-404	Titan	0	0
CE-414	Chancellor	0	0
CE-421	Golden Eagle	0	0
CE-208	Caravan I	6	11
CE-425	Conquest I	4	17
CE-441	Conquest II	0	9
CE-500	Citation I	1	3
CE-550S/II	Citation II	3	14
CE-650	Citation III	2	6
CESSNA/REIMS AVIATION			
• Single-Engine			
CE-F152		0	1
CE-F152	Aerobat	0	0
CE-F172	Skyhawk	0	0
CE-FR172	Hawk XP	0	0
CE-F182	Skylane	0	0
CE-F182RG	Skylane RG	0	0
TOTAL		65	269
Manufacturers net billing – $36,433,610			
AVIONS-MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	0	0
AD-My.20	Falcon	0	0
AD-My.200	Falcon	1	5
AD-My.50	Falcon	1	3
TOTAL		2	8
DEHAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-6		3	9
DHC-7		1	2
DHC-8		3	3
TOTAL		7	14
EMBRAER			
• Single-Engine			
EMB-200		0	0
EMB-201	Ipanema	2	10
EMB-710	Carioca (PA-28-235 Dakota)	0	2
EMB-711	Corisco (PA-28RT-201 Arrow)	1	3
EMB-712	Tupi (PA-28-181 Archer II)	1	1
EMB-720	Minuano (PA-32-310 Seratoga)	1	1
EMB-721	Sertanejo (PA-32R-301 Seratoga)	1	2
• Multi-Engine			
EMB-110	Bandeirante	0	7
EMB-121	Xingu	0	1
EMB-810D	Seneca II	4	13
EMB-820	Chieftain	0	1
TOTAL		10	41
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III-C		0	0
Fairchild 30		0	0
Merlin IV-C		0	1
Metro III		0	3
Expediter		2	2
TOTAL		2	6
GATES-LEARJET			
• Multi-Engine			
LR-25D		1	1
LR-29		0	0
LR-35A		1	3
LR-36A		0	0
LR-55		1	3
TOTAL		3	7
GULFSTREAM AEROSPACE			
• Multi-Engine			
GR-1159A	Gulfstream III	0	7
AE-840	Turbo Commander	0	0
AE-900	Commander 900	0	0
AE-980		0	0
AE-1000		1	6
TOTAL		1	13

		April 85	Cal. Year
ISRAEL AIRCRAFT INDUSTRIES			
• Multi-Engine			
1124	Westwind 1	*	*
1124A	Westwind 2	*	*
TOTAL		*	*
LAKE AIRCRAFT			
• Single-Engine			
LA-4-200EP		0	3
LA-250	Renegade	1	3
TOTAL		1	6
MAULE AIR INC.			
• Single-Engine			
M-5-180C		5	11
M-5-200		0	0
M-5-235C	Lunar Rocket	0	1
M-5-235		0	0
M-7-180		1	6
M-7-235	Super Rocket	1	6
MX-7-235		1	1
TOTAL		8	25
Manufacturers net billing – $326,916			
MITSUBISHI			
• Multi-Engine			
Solitaire		0	0
Marquise		0	1
Diamond		0	2
TOTAL		0	3
MOONEY AIRCRAFT CORP.			
• Single-Engine			
M-20J	201	2	17
M-20K	231	8	18
TOTAL		10	35

		April 85	Cal. Year
PIPER AIRCRAFT CORP.			
• Single-Engine			
PA-38-112	Tomahawk	0	0
PA-28-161	Warrior	6	21
PA-28-181	Archer II	8	30
PA-28-236	Dakota	2	6
PA-28RT-201T	Turbo Arrow IV	2	10
PA-32-301	Saratoga	2	9
PA-32R-301	Saratoga SP	3	3
PA-32R-301T	Turbo Saratoga SP	1	7
PA-46-310P	Malibu	11	36
• Multi-Engine			
PA-31-350	Chieftain	0	3
PA-31P-350	Mojave	2	11
PA-31-500	Cheyenne I	0	0
PA-31-500	Cheyenne IA	0	2
PA-42-720	Cheyenne IIIA	1	1
PA-42-400LS	Cheyenne	2	9
PA-34-220T	Seneca III	3	15
PA-44-180	Seminole	4	5
PA-44-180T	Turbo Seminole	0	5
PA-700P	Aerostar	0	7
PA-T1020		0	0
PA-T1040		0	0
TOTAL		47	180
Manufacturers net billing – $11,673,956			
SHORT BROTHERS LTD.			
• Multi-Engine			
SBJ-CS-7	Skyvan	0	0
SD-3-30		1	1
SD-3-60		0	1
TOTAL		1	2
	SINGLE-ENGINE	117	436
	MULTI-ENGINE	71	276
	GRAND-TOTAL	188	712

UNIT SHIPMENTS COMPARATIVE TREND: 18 MANUFACTURERS

	April			Calendar Year to Date		
	1985	1984	1983	1985	1984	1983
Beech	23	36	40	81	146	121
British Aerospace	8	4	1	20	12	6
Britten Norman	0	0	1	0	4	2
Canadair	0	0	*	2	5	*
Cessna	65	81	104	269	273	410
Dassault	2	1	3	8	7	10
De Havilland	7	0	*	14	8	*
Embraer	10	8	4	41	32	29
Fairchild	2	3	0	6	8	4
Gates	3	2	3	7	5	10
Gulfstream	1	1	3	13	13	19
Israel	*	0	0	*	3	2
Lake	1	4	3	6	8	9
Maule Aircraft Inc.	8	5	5	25	12	6
Mitsubishi	0	0	3	3	7	14
Mooney	10	13	11	35	43	43
Piper	47	67	60	180	219	252
Short	1	0	2	2	14	6
TOTAL	188	225	239	712	819	943

Parentheses show actual Embraer deliveries, not including aircraft kits.
* Figures not available

Business Aviation

THE WEEKLY OF BUSINESS AVIATION

Vol. 40 No. 23 June 10, 1985 Page 177

INSIDE

Lear Fan Rights Sought ..... Page 178
Boeing After Corporate Buyers ..... Page 179
Piper Nearing Breakeven Point ..... Page 180
FAA Publishes SFAR 38-2 ..... Page 181
Business Aviation Briefs ..... Page 182

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

PAULSON: GULFSTREAM/CHRYSLER DEAL COULD BE COMPLETED QUICKLY

Gulfstream Aerospace Chairman Allen Paulson feels acquisition by Chrysler Corp. of the Savannah, Ga.-based aircraft manufacturer could be completed within about a month. Boards of directors of both companies are scheduled to hold separate meetings this week to consider the acquisition by Chrysler of all outstanding Gulfstream stock, including Paulson's holdings which comprise 71 percent of the total, for $19 per share or about $646 million.

In an interview at the Paris Air Show last week, Paulson told *BA* he'd decided to sell his interest in Gulfstream to Chrysler because of estate considerations. Noting that he is 63, Paulson said his heirs "could be put in a hell of precarious position" if something happened to him under the current Gulfstream management organization/financial structure. Paulson said he has known Chrysler Chairman Lee Iacocca for some time and had mentioned the fact that "two or three other people were courting me," adding that the acquisition agreement "just sort of happened." He said part of that agreement provides that "I could run it (Gulfstream) until I didn't want to run it any more. I wouldn't sell the company if I couldn't help run it."

Paulson Confident Agreement Will Be Reached

While completion of a final agreement is subject to action by both boards of directors and various legal technicalities, Paulson said he feels everything could be wrapped up in about 30 days. He said he "fairly well" considers that his agreement with Iacocca is "a done deal." Public shareholders of Gulfstream would receive $19 per share in cash, while Paulson will get a combination of cash and preferred stock.

Given the $1.25 billion backlog of about 80 firm orders for the new Gulfstream IV, Paulson agreed that Chrysler is "getting a helluva bargain" for its $646 million. He said the high point of Gulfstream's earnings will occur in about four years, which could increase value of the company's stock at that point, "but I'll be four years older then," he said, indicating that he preferred to reach a resolution of the company's ownership now rather than waiting. The basic agreement announced late last month *(BA, June 3/173)*, gives Chrysler a six-month option to buy 20 percent of Gulfstream's stock, but Paulson and Chrysler officials indicated the auto maker does want to acquire 100 percent of Gulfstream.

Proposed acquisition is in line with an announcement at Chrysler's board meeting on May 17 when Iacocca said the company was interested in diversifying into two areas, high-technology (defined as aerospace and electronics) and financial services.

Other Sales, Acquisitions Also Possible

Paulson indicated that acquisition of the company by Chrysler is not likely to result in any immediate change in the Peregrine development program, which was suspended earlier this year *(BA, March 18/81)*. Paulson is still interested in the Peregrine, but apparently wants to concentrate on development and certification of the G-IV. He said he is still having discussions with at least one U.S. firm and several foreign entities about selling Gulfstream's manufacturing plant in Bethany, Okla., but that no agreements have been reached. Asked about his visit earlier this year to Canadair facilities in Montreal *(BA, April 1/101)*, Paulson said he is interested in acquiring that company if an agreement can be reached on a price and terms and

(Continued on the following page)

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS GROUP PUBLICATIONS INC. COPYRIGHT © 1985 NEWS GROUP PUBLICATIONS INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $210, SIX MONTHS $125.

183a

AIRPORT AND AIRWAY TRUST FUND

Status As Of March 31, 1985

		CURRENT MONTH	FISCAL YEAR TO DATE
I.	BALANCE - BEGINNING OF PERIOD	6,958,117,425.16	6,440,835,770.41
II.	RECEIPTS:		
A.	Excise Taxes (Transferred from General Fund) :		
	Any liquid fuel except gas	3,405,000.00	34,215,299.00
	Tires used on aircraft	0.00	0.00
	Tubes used on aircraft	0.00	0.00
	Gasoline		
	1. Commercial 9 cents tax	203,000.00	1,349,000.00
	2. Non-commercial 9 cents tax	1,917,000.00	12,454,384.00
	3. Non-commercial 3 cents tax	639,000.00	3,698,128.00
	4. Transp by air,seats,berths,etc.	179,944,000.00	1,210,119,730.00
	Use of international trav fac	6,091,000.00	41,586,424.00
	Transp of property and cargo	4,793,000.00	73,121,089.00
	Total Tax Receipts	196,992,000.00	1,376,544,054.00
B.	Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
	1. Civil aircraft	314.00	647.00
	2. Any liquid fuel except gas	1,024,654.00	3,371,642.00
	3. Gasoline -Retailer's tax	145,090.00	145,627.00
	4. Gasoline -Manufac. tax	1,125.00	1,125.00
	Total Reimburse for Tax Refunds	1,171,183.00	3,519,041.00
	Net Tax Receipts	195,820,817.00	1,373,025,013.00
C.	Interest on Investments	636,536.50	355,476,073.62
	Net Receipts	196,457,353.50	1,728,501,086.62
III.	EXPENDITURES :		
A.	Federal Aviation Administration :		
	1. Operations	78,920,229.66	477,104,861.38
	2. Grants-in-aid for airports	48,777,047.17	410,501,054.89
	3. Facilities & equipment	36,429,060.45	193,315,505.95
	4. Research engineering & development	27,002,468.34	118,219,414.77
B.	NOAA weather services	6,750,000.00	13,500,000.00
C.	Interest on Refund of Taxes	54.00	101.00
	Total Expenditures	197,878,859.62	1,212,640,937.99
IV.	BALANCE - END OF PERIOD	6,956,695,919.04	6,956,695,919.04

Treasury Department Chart

C6240-1

Business Aviation

THE WEEKLY OF BUSINESS AVIATION

Vol. 40 No. 24 June 17, 1985 Page 185

INSIDE

NTSB Wants $160,000 From Piper .... Page 187
Gulfstream Reviews Commander Offer .. Page 188
May Shipments and Billings ..... Page 189
Business Aviation Briefs ..... Page 190
Marketplace ..... Page 192

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

REVISED FRINGE BENEFIT RULES NOT EXPECTED BEFORE SEPTEMBER

Revised regulations on the fringe benefit taxation of business aircraft users, which industry officials hoped would be issued in June or July, will not be published until September at the earliest, an Internal Revenue Service official told *BA* last week. Annette Guarisco of the Legislation and Regulations Division in the IRS Office of Chief Counsel, confirmed that it is her job to write the new regulations, but she told *BA* she has not yet started that project. She said the new rules would "probably" be out in three months (about mid-September), but warned that it is "very hard to pinpoint" when they might be completed, adding that it could be October or later. She also said there has been no decision on whether the revised regulations will be in the form of a final or a proposed rule.

Ronald Pearlman, assistant secretary for tax policy at the Treasury Department, sent a letter to Senate Majority Leader Robert Dole in early May *(BA, May 6/137)* promising a revision of the initial rules that first appeared in January. Pearlman, in a letter to Dole, said tax rates would be based on the weight of the aircraft used. Business aviation interests, who had lobbied strenuously for such a change, were pleased with the Pearlman letter, but they have been anxiously awaiting the revised rules with sufficient detail to answer remaining unresolved questions.

Informed of what Guarisco said about the new regulations not being out until September, National Business Aircraft Association President John Winant termed the news "distressing." He said NBAA has been receiving an increasing number of calls from its members seeking guidance on the fringe benefit issue and said the association is attempting to set up a meeting with Treasury officials in order to obtain some sort of guidance for operators until the new regs are issued. "We need some kind of bridge in the interim," Winant said, adding that if the rules do not come out until late this year "it could present a set of massive headaches" for the accounting departments of business aircraft operators in preparing tax returns and W-2 forms for employes.

Guarisco told *BA* that IRS also has been getting a substantial volume of calls on the fringe benefit issue. While she said it is not her job to provide advice on how affected operators should cope with the situation given the lack of current regulations, she did say it "would make sense" for operators to monitor the use of their corporate aircraft during the remainder of the year to insure that sufficient records are available to perform the necessary tax computations when the revised rules are finally issued.

PRINAIR COULD RESUME OPERATION THIS WEEK

Federal Aviation Administration officials said Friday, Puerto Rico International Airlines, (PRINAIR), could be "back up in the air any time," possibly as early as the first part of this week. PRINAIR voluntarily ceased operations on June 1, because of a lapsed insurance policy, according to an FAA spokesman. A spokesman for PRINAIR said that "on May 31, despite two payment checks, our insurance agency failed to renew our policy, so we voluntarily shut down." The spokesman said John Burns, chairman and president of PRINAIR then "looked around for a new (insurance) company, found one and started processing the necessary papers." The spokesman said the airline had "just heard" the new papers had been

(Continued on the following page)

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS GROUP PUBLICATIONS INC. COPYRIGHT © 1985 NEWS GROUP PUBLICATIONS INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $210. SIX MONTHS $125.

BUSINESS/PERSONAL AIRCRAFT INDUSTRY – MAY UNIT SHIPMENTS

		May 85	Cal. Year
BEECH AIRCRAFT CORP.			
• Single-Engine			
BE-77	Skipper	0	0
BE-C23	Sundowner	0	0
BE-C24R	Sierra	0	0
BE-F33A	Bonanza	4	9
BE-A36	Bonanza	8	34
BE-V35B	Bonanza	0	0
BE-B36TC	Bonanza	6	6
• Multi-Engine			
BE-B55	Baron	0	0
BE-E55	Baron	0	0
BE-58	Baron	1	9
BE-58TC	Baron	0	0
BE-58P	Baron	1	4
BE-76	Duchess	0	3
BE-B60	Duke	0	0
BE-C99	Airliner	0	0
BE-C90-1	King Air	4	11
BE-F90-1	King Air	0	2
BE-B100	King Air	0	0
BE-200	Super King Air	2	11
BE-200C	Super King Air	0	1
BE-300	Super King Air	1	12
BE-200T	Super King Air	0	0
BE-C99	Commuter	0	0
BE-1900C	Commuter	0	6
TOTAL		27	108
Manufacturers net billing – $13,967,601.50			
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream 31	3	11
HS-748		1	2
BAe 146-100		1	3
BAe 146-200		1	3
HS-125-800	Model A	2	7
HS-125-800	Model B	0	2
TOTAL		8	28
PILATUS BRITTEN-NORMAN LTD.			
• Multi-Engine			
BN-2	Islander	3	3
BN-2T	Islander	0	0
Mark III	Trislander	0	0
TOTAL		3	3
CANADAIR LIMITED			
• Multi-Engine			
CL-600	Challenger	0	0
CL-601	Challenger	0	1
TOTAL		0	1
CESSNA AIRCRAFT COMPANY			
• Single-Engine			
CE-152		20	44
CE-A152	Aerobat	0	0
CE-172	Skyhawk	13	91
CE-172	Cutlass	0	2
CE-172RG	Cutlass	3	7
CE-182	Skylane	2	34
CE-182	Turbo Skylane	0	0
CE-182RG	Skylane RG	0	6
CE-182RG	Turbo Skylane RG	0	2
CE-185	Skywagon	2	8
CE-U206	Stationair 6	5	20
CE-TU206	Turbo Stationair 6	3	13
CE-207	Stationair 8	0	0
CE-TU207	Turbo Stationair 8	0	0
CE-210	Centurion	0	2
CE-T210	Turbo Centurion	5	14
CE-P210	Pressurized Centurion	(1)	7
CE-188	AgHusky	0	0
CE-188	AgTruck	0	0
• Multi-Engine			
CE-303	Crusader	2	4
CE-335		0	0
CE-340		0	4
CE-402		2	5
CE-404	Titan	0	0
CE-414	Chancellor	(1)	(1)
CE-421	Golden Eagle	0	0
CE-208	Caravan I	8	19
CE-425	Conquest I	1	18
CE-441	Conquest II	1	10
CE-500	Citation I	1	4
CE-550S/II	Citation II	6	20
CE-650	Citation III	2	10
CESSNA/REIMS AVIATION			
• Single-Engine			
CE-F152		0	1
CE-F152	Aerobat	0	0
CE-F172	Skyhawk	0	0
CE-FR172	Hawk XP	0	0
CE-F182	Skylane	0	0
CE-F182RG	Skylane RG	0	0
TOTAL		76	345
Manufacturers net billing – $43,299,775			
AVIONS-MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	0	0
AD-My.20	Falcon	0	0
AD-My.200	Falcon	0	5
AD-My.50	Falcon	1	4
TOTAL		1	9
DEHAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-5		0	0
DHC-6		0	9
DHC-7		1	3
DHC-8		1	4
TOTAL		2	16
EMBRAER			
• Single-Engine			
EMB-200		0	0
EMB-201	Ipanema	0	10
EMB-710	Carioca (PA-28-235 Dakota)	0	2
EMB-711	Corisco (PA-28RT-201 Arrow)	0	3
EMB-712	Tupi (PA-28-181 Archer II)	1	2
EMB-720	Minuano (PA-32-310 Seratoga)	0	1
EMB-721	Sertanejo (PA-32R-301 Seratoga)	0	2
• Multi-Engine			
EMB-110	Bandeirante	0	7
EMB-121	Xingu	0	1
EMB-810D	Seneca II	2	15
EMB-820	Chieftain	0	1
TOTAL		3	44
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III-C		0	0
Fairchild 30		0	0
Merlin IV-C		0	1
Metro III		0	3
Expediter		2	4
TOTAL		2	8
GATES-LEARJET			
• Multi-Engine			
LR-25D		0	1
LR-29		0	0
LR-35A		0	3
LR-36A		0	0
LR-55		2	5
TOTAL		2	9
GULFSTREAM AEROSPACE			
• Multi-Engine			
GR-1159A	Gulfstream III	1	8
AE-840	Turbo Commander	0	0
AE-900	Commander 900	1	1
AE-980		0	0
AE-1000		2	8
TOTAL		4	17

		May 85	Cal. Year
ISRAEL AIRCRAFT INDUSTRIES			
• Multi-Engine			
1124	Westwind 1	*	*
1124A	Westwind 2	*	*
TOTAL		*	*
LAKE AIRCRAFT			
• Single-Engine			
LA-4-200EP		0	3
LA-250	Renegade	1	4
TOTAL		1	7
MAULE AIR INC.			
• Single-Engine			
M-5-180C		3	14
M-5-200		0	0
M-5-235C	Lunar Rocket	0	1
M-6-235		1	1
M-7-180		0	6
M-7-235	Super Rocket	1	7
MX-7-235		3	4
TOTAL		8	33
Manufacturers net billing – $362,145			
MITSUBISHI			
• Multi-Engine			
Solitaire		0	0
Marquise		1	1
Diamond		0	2
Diamond II		1	1
TOTAL		2	4
MOONEY AIRCRAFT CORP.			
• Single-Engine			
M-20J	201	1	18
M-20K	231	3	21
TOTAL		4	39
PIPER AIRCRAFT CORP.			
• Single-Engine			
PA-38-112	Tomahawk	0	0
PA-28-161	Warrior	8	29
PA-28-181	Archer II	12	42
PA-28-236	Dakota	1	7
PA-28RT-201T	Turbo Arrow IV	1	11
PA-32-301	Saratoga	3	12
PA-32R-301	Saratiga SP	3	6
PA-32R-301T	Turbo Saratoga SP	3	10
PA-46-310P	Malibu	9	45
• Multi-Engine			
PA-31-350	Chieftain	2	5
PA-31P-350	Mojave	0	11
PA-31-500	Cheyenne I	0	0
PA-31-500	Cheyenne IA	0	2
PA-42-720	Cheyenne IIIA	1	2
PA-42-400LS	Cheyenne	0	9
PA-34-220T	Seneca III	7	22
PA-44-180	Seminole	0	5
PA-44-180T	Turbo Seminole	0	5
PA-700P	Aerostar	0	7
PA-T1020		0	0
PA-T1040		1	1
TOTAL		51	231
Manufacturers net billing – $8,905,649			
SHORT BROTHERS LTD.			
• Multi-Engine			
SBJ-CS-7	Skyvan	*	0
SD-3-30		*	1
SD-3-60		*	1
TOTAL		*	2
	SINGLE-ENGINE	125	560
	MULTI-ENGINE	69	344
	GRAND-TOTAL	194	904

UNIT SHIPMENTS COMPARATIVE TREND: 18 MANUFACTURERS

	May			Calendar Year to Date		
	1985	1984	1983	1985	1984	1983
Beech	27	31	33	108	177	154
British Aerospace	8	4	1	28	16	7
Britten Norman	3	1	3	3	5	5
Canadair	0	4	*	1	10	*
Cessna	76	53	109	345	326	518
Dassault	1	3	1	9	10	18
De Havilland	2	2	*	16	10	*
Embraer	3	7	8	44	39	37
Fairchild	2	1	1	8	9	5
Gates	2	3	1	9	8	11
Gulfstream	4	6	4	17	19	23
Israel	0	0	*	0	3	2
Lake	1	4	2	7	12	11
Maule Aircraft Inc.	8	7	7	33	9	20
Mitsubishi	2	0	1	4	7	15
Mooney	4	6	15	39	49	58
Piper	51	56	52	231	275	304
Short	*	2	2	2	16	8
TOTAL	194	190	240	904	1,000	1,196

Parentheses show actual Embraer deliveries, not including aircraft kits.
* Figures not available.

C6240-1

Business Aviation

THE WEEKLY OF BUSINESS AVIATION

Vol. 41 No. 1 July 1, 1985 Page 1

INSIDE

FAA Revokes Vieques' Certificate ..... Page 2
Ex-Cell-O Selling Two Plants ..... Page 2
Socata Targets U.S. Market ..... Page 3
Business Aviation Briefs ..... Page 5
Marketplace ..... Page 8

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

NATA TANK LEAK LIABILITY INSURANCE PROGRAM IN OPERATION

The first policy offering liability coverage against damages from leaking underground fuel storage tanks was issued last week under a program developed for members of the National Air Transportation Association. NATA had announced plans for such a program earlier this year *(BA, May 6/139)*.

NATA President Larry Burian told *BA* the insurance coverage available to fixed-base operators through the association will provide liability coverage against damages resulting from leaking tanks with policy limits of $1 million to $5 million and deductibles ranging from $10,000 to $100,000. Coverage will be provided for both gradual and sudden and accidental fuel losses. Insurance also will protect against third-party suits alleging personal injury, property damage or environmental impairment, will pay defense costs and will pay the cost of containing and cleaning up spills.

Burian said there is a need for such coverage because most general liability insurance policies do not cover losses or damages resulting from gradual fuel tank leaks and many of the policies that now provide coverage against sudden and unexpected spills are being revised to delete that coverage. To be eligible for the new insurance program, participants must be NATA members. In addition, FBOs must submit inventory records for a one-month period for all tanks for which coverage is sought. Those records will be analyzed by Warren Rogers Associates, Inc. of Newport, R.I., which Burian said has developed a computer analysis program capable of detecting losses as small as 1.2 gallons per day. If that analysis reveals significant discrepancies in a firm's inventory control procedures, an FBO's tanks would have to be tested, and repaired if necessary, before insurance coverage could be put in force.

For more information, contact NATA at 4226 King St., Alexandria, Va. 22302 or call (703) 845-9000.

PRODUCT LIABILITY SITUATION THREATENS SMALL AIRCRAFT INDUSTRY

The problem of increasing court judgments as a result of product liability suits is "the most serious issue confronting the general aviation industry" and one that threatens continued production of small aircraft in this country, speakers at a Washington meeting on the product liability issue said last week. Forum for last week's discussion was the Congressional Aviation Forum, a group of Congressmen interested in aviation issues. Rep. Dan Glickman (D-Kan.), one of the founders of the group, said huge judgments awarded by the courts in recent years resulted in "aircraft manufacturers . . . having extreme difficulty obtaining adequate insurance."

Saying that he could not "overstate the gravity of the situation," David Dann, representing the insurance underwriters at Lloyds of London, said "there is an ever increasing tendency on the part of the jury to impose high awards purely on an emotional basis." He said that the average cost of a wrongful death in an aviation accident is $1 million and said that "fair compensation is no longer the standard." Dann said a "uniform and level standard of objectivity" had to be met in solving the product liability problem.

Crawford Brubaker, deputy assistant secretary for aerospace, trade development, of the U.S. Department of Commerce, reiterated that feeling saying "we must get uniformity (in the product liability issue) throughout the states," calling for cases to be heard in federal courts rather than on the state level. Brubaker said that because the issue of product liability has affected the aviation/aerospace industry more than

(Continued on the following page)

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS GROUP PUBLICATIONS INC. COPYRIGHT © 1985 NEWS GROUP PUBLICATIONS INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $210. SIX MONTHS $125.

7a

AIRPORT AND AIRWAY TRUST FUND
Status As Of April 30, 1985

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	$6,956,695,919.04	$6,440,835,770.41
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund) :		
Any liquid fuel except gas	7,622,000.00	41,837,299.00
Tires used on aircraft	0.00	0.00
Tubes used on aircraft	0.00	0.00
Gasoline		
1. Commercial 9 cents tax	232,000.00	1,581,000.00
2. Non-commercial 9 cents tax	1,840,000.00	14,294,384.00
3. Non-commercial 3 cents tax	613,000.00	4,311,128.00
4. Transp by air,seats,berths,etc.	198,640,000.00	1,408,759,730.00
Use of international trav fac	6,899,000.00	48,485,424.00
Transp of property and cargo	15,665,000.00	88,786,089.00
Total Tax Receipts	231,511,000.00	1,608,055,054.00
B. Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	0.00	547.00
2. Any liquid fuel except gas	0.00	3,371,642.00
3. Gasoline -Retailer's tax	291,000.00	436,627.00
4. Gasoline -Manufac. tax	0.00	1,125.00
Total Reimburse for Tax Refunds	291,000.00	3,810,041.00
Net Tax Receipts	231,220,000.00	1,604,245,013.00
C. Interest on Investments	1,077,454.15	356,553,527.77
Net Receipts	232,297,454.15	1,960,798,540.77
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	28,017,990.00	505,122,851.38
2. Grants-in-aid for airports	51,441,532.39	461,942,587.28
3. Facilities & equipment	31,375,094.21	224,690,600.16
4. Research engineering & development	21,701,461.80	139,920,876.57
B. NOAA weather services	0.00	13,500,000.00
C. Interest on Refund of Taxes	0.00	101.00
Total Expenditures	132,536,078.40	1,345,177,016.39
IV. BALANCE - END OF PERIOD	7,056,457,294.79	7,056,457,294.79

STATEMENT OF FINANCIAL CONDITION

ASSETS :		
Undisbursed Balances:		
Airport & Airway Trust Fund	$ 823.65	
Operations	39,783,148.62	
Grants-in-aid for Airports	1,363,335.93	
Facilities & Equipment	16,009,909.54	
Research Engineering & Development	3,253,077.05	
NOAA weather services	0.00	
		60,410,294.79
Investments :		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS :		
10-7/8% maturing June 30, 1985	136,282,000.00	
11 % maturing June 30, 1985	39,290,000.00	
11-1/4% maturing June 30, 1985	800,875,000.00	
11-1/8% maturing June 30, 1985	5,545,387,000.00	
11-3/8% maturing June 30, 1985	474,213,000.00	6,996,947,000.00
Total Assets		7,056,457,294.79
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		$7,056,457,294.79
Total Liabilities and Equity		7,056,457,294.79

Treasury Department Chart

C42-40-1

Business Aviation

THE WEEKLY OF BUSINESS AVIATION

Vol. 41 No. 3 July 15, 1985 Page 17

INSIDE

Chrysler Board Elects Paulson ..... Page 18
FAA Sets Grant Deadline ..... Page 20
June Shipments and Billings ..... Page 21
Business Aviation Briefs ..... Page 22
Marketplace ..... Page 24

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

PBA ACCIDENT PROBE "TOUGHEST IN 20 YEARS"

National Transportation Safety Board last week scheduled an August hearing on the Dec. 6 crash of the Provincetown-Boston Airline Embraer Bandeirante at Jacksonville, Fla., with the primary cause still a mystery. "It's the toughest investigation we've had in 20 years," declared a board spokesman. What is known is that both the right and left elevators separated in flight shortly after takeoff on a scheduled flight to Tampa. The aircraft impacted inverted about a mile and a half off the end of the departure runway. All 13 on board perished.

At this point it is believed the inflight separation was due to circumstances unique to that particular aircraft and that the investigation results will have no impact on the Bandeirante fleet. NTSB "factual reports" covering various aspects of the accident were released last week, but bore no surprises. The copilot of a Southern Express Bandeirante landing just behind the PBA departure said the aircraft "seemed to be climbing at an excessive rate for an EMB-110 . . . " And the tower controller who witnessed the accident noted that "it continued straight ahead for about one-half mile and then began to settle in a nose-high attitude. An NTSB source noted, however, that there was nothing remarkable about the flight path and that performance did not seem to be involved. Other aspects of the flight, including weather, maintenance of the aircraft, weight and balance and crew qualifications were well within norms.

The NTSB will hold two or three days of public hearings beginning Aug. 6 in the ballroom of the Marco Beach Hilton on Marco Island, Fla., which is near the PBA headquarters at Naples. Approximately 17 persons are expected to testify.

CESSNA FURLOUGHS ANOTHER 600, MORE TO FOLLOW

Cessna Aircraft Co. Friday laid off an additional 600 employes, dropping the Wichita manufacturer's total work force to 5,500. Citing the continued slump in both piston single- and multi-engine sales, the company also suspended production of several additional models--the 152, Cutlass RG, AgTruck, Agtusky and 421 Golden Eagle. Those are in addition to six piston models that have been discontinued--152 Aerobat, Cutlass, Turbo Skylane, Stationair 8, Turbo Stationair 8 and 340.

Seventy percent of the layoffs involved white collar workers, including engineering, marketing and product support personnel. "Additional reductions are planned during the balance of 1985 as we continue to downsize in line with business conditions," all employes were told in a memo. Coincidently the company last week completed its pull-out of the Strother Field, Kan., production facility, which has been sold to General Electric's turbine-engine overhaul facility on the field. The Skyhawk, the only Strother-built model still in production, is being integrated into the Skylane line.

A remaining Wichita area work force of about 5,500 people compares to an all-time Cessna peak of 16,000 in 1979 and a 10-year low of 5,077 in January 1983. Impact of the Cessna layoffs as well as those of Beech and Learjet on the Wichita community has been offset by hiring at the Boeing Military Airplane Company, when employment now tops 17,000. The Boeing plant performs mods on Air Force KC-135s and B-52s as well as producing much of the 737 and major components for the 747 at its Wichita plant.

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS GROUP PUBLICATIONS INC. COPYRIGHT © 1985 NEWS GROUP PUBLICATIONS INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $210, SIX MONTHS $125.

BUSINESS/PERSONAL AIRCRAFT INDUSTRY – JUNE UNIT SHIPMENTS

		June 85	Cal. Year
AEROSPATIALE GENERAL AVIATION			
• Single-Engine			
TB9	Tampico	0	2
TB10	Tobago	5	7
TB20	Trinidad	5	19
TB21	Trinidad TC	0	0
TOTAL		10	28
BEECH AIRCRAFT CORP.			
• Single-Engine			
BE-77	Skipper	0	0
BE-C23	Sundowner	1	1
BE-C24R	Sierra	0	0
BE-F33A	Bonanza	1	10
BE-A36	Bonanza	12	46
BE-V35B	Bonanza	0	0
BE-B36TC	Bonanza	4	10
• Multi-Engine			
BE-B55	Baron	0	0
BE-E55	Baron	1	1
BE-58	Baron	3	12
BE-58TC	Baron	0	0
BE-58P	Baron	0	4
BE-76	Duchess	0	3
BE-B60	Duke	0	0
BE-C99	Airliner	0	0
BE-C90-1	King Air	2	14
BE-F90-1	King Air	1	3
BE-B100	King Air	0	0
BE-200	Super King Air	1	12
BE-200C	Super King Air	2	3
BE-300	Super King Air	6	18
BE-200T	Super King Air	0	0
BE-1900C	Commuter	3	9
TOTAL		38	146
Manufacturers net billing – $35,613,990.92			
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream 31	*	11
HS-748		1	3
BAe 146-100		1	4
BAe 146-200		2	5
HS-125-800	Model A	3	10
HS-125-600	Model B	0	2
TOTAL		7	35
PILATUS BRITTEN-NORMAN LTD.			
• Multi-Engine			
BN-2	Islander	3	6
BN-2T	Islander	0	0
Mark III	Trislander	0	0
TOTAL		3	6
CANADAIR LIMITED			
• Multi-Engine			
CL-600	Challenger	0	0
CL-601	Challenger	1	2
TOTAL		1	2
CESSNA AIRCRAFT CO.			
• Single-Engine			
CE-152		10	54
CE-A152	Aerobat	3	3
CE-172	Skyhawk	10	101
CE-172	Cutlass	0	2
CE-172RG	Cutlass	0	7
CE-182	Skylane	2	36
CE-182	Turbo Skylane	0	0
CE-182RG	Skylane RG	0	6
CE-182RG	Turbo Skylane RG	0	2
CE-185	Skywagon	4	12
CE-U206	Stationair 6	3	23
CE-TU206	Turbo Stationair 6	4	17
CE-207	Stationair 8	0	0
CE-TU207	Turbo Stationair 8	0	0
CE-210	Centurion	2	4
CE-T210	Turbo Centurion	3	17
CE-P210	Pressurized Centurion	3	10
CE-188	AgHusky	0	0
CE-188	AgTruck	0	0
• Multi-Engine			
CE-303	Crusader	1	5
CE-335		0	0
CE-340		0	4
CE-402		1	6
CE-404	Titan	0	0
CE-414	Chancellor	0	0
CE-421	Golden Eagle	0	0
CE-208	Caravan I	4	23
CE-425	Conquest I	0	18
CE-441	Conquest II	0	10
CE-500	Citation I	2	6
CE-550S/II	Citation II	5	25
CE-650	Citation III	2	12
CESSNA/REIMS AVIATION			
• Single-Engine			
CE-F152		0	1
CE-F152	Aerobat	2	2
CE-F172	Skyhawk	0	0
CE-FR172	Hawk XP	0	0
CE-F182	Skylane	0	0
CE-F182RG	Skylane RG	0	0
TOTAL		61	406
Manufacturers net billing – $37,793,817			
AVIONS-MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	0	0
AD-My.20	Falcon	1	1
AD-My.200	Falcon	1	6
AD-My.50	Falcon	2	6
TOTAL		4	13
DEHAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-5		0	0
DHC-6		1	10
DHC-7		1	4
DHC-8		0	4
TOTAL		2	18
EMBRAER			
• Single-Engine			
EMB-200		0	0
EMB-201	Ipanema	1	11
EMB-710	Carioca (PA-28-235 Dakota)	0	2
EMB-711	Corisco (PA-28RT-201 Arrow)	2	5
EMB-712	Tupi (PA-28-181 Archer II)	1	3
EMB-720	Minuano (PA-32-310 Seratoga)	1	2
EMB-721	Sertanejo (PA-32R-301 Seratoga)	2	4
• Multi-Engine			
EMB-110	Bandeirante	0	7
EMB-121	Xingu	1	2
EMB-810D	Seneca II	3	18
EMB-820	Chieftain	0	1
TOTAL		11	55
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III-C		1	1
Fairchild 30		0	0
Merlin IV-C		0	1
Metro III		0	3
Expediter		0	4
TOTAL		1	9
GATES-LEARJET			
• Multi-Engine			
LR-25D		0	1
LR-29		0	0
LR-35A		4	7
LR-36A		0	0
LR-55		0	5
TOTAL		4	13
GULFSTREAM AEROSPACE			
• Multi-Engine			
GR-1159A	Gulfstream III	2	10
AE-840	Turbo Commander	0	0

3 1a

		June 85	Cal. Year
AE-900	Commander 900	1	2
AE-980		0	0
AE-1000		6	14
TOTAL		9	26
ISRAEL AIRCRAFT INDUSTRIES			
• Multi-Engine			
1124	Westwind 1	*	0
1124A	Westwind 2	*	0
TOTAL		-	0
LAKE AIRCRAFT			
• Single-Engine			
LA-4-200EP		1	4
LA-250	Renegade	3	7
TOTAL		4	11
MAULE AIR INC.			
• Single-Engine			
M-5-180C		2	16
M-5-200		0	0
M-5-235C	Lunar Rocket	0	1
M-6-235		2	3
M-7-180		0	6
M-7-235	Super Rocket	1	8
MX-7-235		3	7
TOTAL		8	41
Manufacturers net billing – $374,815			
MITSUBISHI			
• Multi-Engine			
Solitaire		0	0
Marquise		0	1
Diamond		0	2
Diamond II		0	1
TOTAL		0	4
MOONEY AIRCRAFT CORP.			
• Single-Engine			
M-20J	201	1	19
M-20K	231	2	23
TOTAL		3	42

		June 85	Cal. Year
PIPER AIRCRAFT CORP.			
• Single-Engine			
PA-38-112	Tomahawk	0	0
PA-28-161	Warrior	8	37
PA-28-181	Archer II	8	50
PA-28-236	Dakota	1	8
PA-28RT-201T	Turbo Arrow IV	1	12
PA-32-301	Saratoga	4	16
PA-32R-301	Saratoga SP	0	6
PA-32R-301T	Turbo Saratoga SP	0	10
PA-46-310P	Malibu	12	57
• Multi-Engine			
PA-31-350	Chieftain	1	6
PA-31P-350	Mojave	1	12
PA-31-500	Cheyenne I	1	1
PA-31-500	Cheyenne IA	0	2
PA-42-720	Cheyenne IIIA	2	4
PA-42-400LS	Cheyenne	3	12
PA-34-220T	Seneca III	7	29
PA-44-180	Seminole	7	12
PA-44-180T	Turbo Seminole	0	5
PA-700P	Aerostar	0	7
PA-T1020		0	0
PA-T1040		0	1
TOTAL		56	287
Manufacturers net billing – $16,176,746			
SHORT BROTHERS LTD.			
• Multi-Engine			
SBJ-CS-7	Skyvan	0	0
SD-3-30		0	1
SD-3-60		1	5
TOTAL		1	6
	SINGLE-ENGINE	130	709
	MULTI-ENGINE	93	439
	GRAND-TOTAL	223	1,148

UNIT SHIPMENTS COMPARATIVE TREND: 19 MANUFACTURERS

	June			Calendar Year to Date		
	1985	1984	1983	1985	1984	1983
Aerospatiale	10	*	*	28	*	*
Beech	38	44	56	146	216	210
British Aerospace	7	8	0	35	24	7
Britten-Norman	3	1	1	6	6	6
Canadair	1	*	*	2	9	*
Cessna	61	47	107	406	373	625
Dassault	4	3	6	13	13	18
deHavilland	2	4	*	18	14	7
Embraer	11	9	4	55	48	41
Fairchild	1	1	2	9	10	7
Gates	4	3	6	13	11	17
Gulfstream	9	6	5	26	25	27
Israel	*	1	*	0	4	4
Lake	4	4	2	11	16	13
Maule Aircraft Inc.	8	7	3	41	26	23
Mitsubishi	0	3	3	4	10	18
Mooney	3	9	11	42	58	69
Piper	56	61	52	287	336	356
Short	1	4	3	6	20	17
TOTAL	223	215	282	1,148	1,219	1,466

Parentheses show actual Embraer deliveries, not including aircraft kits.
* Figures not available.

C6240-1

Business Aviation

THE WEEKLY OF BUSINESS AVIATION

Vol. 41 No. 7 August 12, 1985 Page 49

INSIDE

First Tay Engines Delivered ..... Page 50
FAA Certification Setup Critiqued ..... Page 51
July Shipments and Billings ..... Page 53
Business Aviation Briefs ..... Page 54
Marketplace ..... Page 56

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

NTSB CONCLUDES HEARING INTO PBA BANDEIRANTE CRASH

National Transportation Safety Board concluded its public hearing last Thursday into the fatal crash of an Embraer Bandeirante last December with authorities still attempting to determine what triggered the accident sequence. NTSB heard testimony from 20 witnesses, but there appeared to be no obvious reason for the separation of part of the aircraft's tail section shortly after takeoff from Jacksonville, Fla. *(BA, July 15/17).*

Dr. Peter Chang, a structural engineer from the University of Maryland, testified during the hearing he believes "the failure load was probably caused by dynamic instability . . . caused by flutter," but it could not be determined what the cause of the flutter was. He ruled out the possibility that the problem resulted from resonance vibration. Walter Bartels, who performed a series of post-accident tests for Embraer, said that to recreate a situation that would result in separation of the forward stabilizer attach fitting similar to that which occurred in the PBA accident it was necessary to apply upward forces on the left side of the stabilizer while simultaneously applying downward forces on the right side. He said that during the tests failure occurred at nearly three times normal operating loads.

NTSB officials, who earlier said the PBA crash is "the toughest investigation we've had in 20 years," have pursued several different avenues in attempting to determine the cause of the accident. These include the possibility the aircraft's tail was damaged in a ground strike prior to the accident, a runaway trim tab problem or the possibility that an elevator control rod was at fault. A broken elevator control rod was found in the wreckage and authorities now believe it broke in flight. When the damage occurred, however—before or after the stabilizer separated from the aircraft—is still not clear *(see related items on Page 54).*

CONGRESSMEN QUESTION ADEQUACY OF FAA CARRIER INSPECTIONS

Two members of Congress have written to FAA Administrator Donald Engen criticizing the agency's air carrier inspection procedures and noting that different carriers receive widely varying numbers of inspections. Rep. William Lehman (D-Fla.) and Norman Mineta (D-Calif.), referring to a survey by the General Accounting Office (GAO Report No. GAO/RCED 85-157), said data available indicates "that some carriers are falling through the cracks with respect to the FAA safety inspection system. Moreover, there does not appear to be a systematic program for ensuring that all of our nation's air carriers are operated and maintained in compliance with safety standards and regulations," adding that the information suggests "that FAA, with its present level of staffing, may not have the resources necessary to ensure that all air carriers are being operated safely." As an example of the disparity in number of inspections between carriers, the Congressmen said Flying Tiger, with 90,000 operating hours and 45 aircraft, received no avionics maintenance records inspections, while Ransome, with 21,000 hours and nine aircraft, had 71 such inspections.

VAN DUSEN FIGHTING TAKEOVER ATTEMPT BY NEW YORK FIRM

A federal district court in Minneapolis Friday began hearing arguments in a dispute over control of Van Dusen Air Inc., the Minneapolis-based FBO chain. A New York investment firm, Miller Tabak Hirsch & Co.,

(Continued on the following page)

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS GROUP PUBLICATIONS INC. COPYRIGHT @ 1985 NEWS GROUP PUBLICATIONS INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $230. SIX MONTHS $138.

BUSINESS/PERSONAL AIRCRAFT INDUSTRY – JULY UNIT SHIPMENTS

		July 85	Cal. Year
AEROSPATIALE GENERAL AVIATION			
• Single-Engine			
TB9	Tampico	*	2
TB10	Tobago	*	7
TB20	Trinidad	*	19
TB21	Trinidad TC	*	0
R110		*	2
R180		*	0
R235		*	0
TOTAL		*	30
BEECH AIRCRAFT CORP.			
• Single-Engine			
BE-77	Skipper	0	0
BE-C23	Sundowner	0	1
BE-C24R	Sierra	0	0
BE-F33A	Bonanza	4	14
BE-A36	Bonanza	7	53
BE-V35B	Bonanza	0	0
BE-B36TC	Bonanza	2	12
• Multi-Engine			
BE-B55	Baron	0	0
BE-E55	Baron	0	1
BE-58	Baron	4	16
BE-58TC	Baron	1	1
BE-58P	Baron	2	6
BE-76	Duchess	1	4
BE-B60	Duke	0	0
BE-C99	Airliner	0	0
BE-C90-1	King Air	8	22
BE-F90-1	King Air	0	3
BE-B100	King Air	0	0
BE-200	Super King Air	8	20
BE-200C	Super King Air	0	3
BE-300	Super King Air	9	27
BE-200T	Super King Air	0	0
BE-1900C	Commuter	1	10
TOTAL		47	193
Manufacturers net billing – $49,879,206.57			
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream 31	3	18
HS-748		0	3
BAe 146-100		0	4
BAe 146-200		0	5
HS-125-800	Model A	1	11
HS-125-800	Model B	0	2
TOTAL		4	43
PILATUS BRITTEN-NORMAN LTD.			
• Multi-Engine			
BN-2	Islander	*	6
BN-2T	Islander	*	0
Mark III	Trislander	*	0
TOTAL		*	6
CANADAIR LTD.			
• Multi-Engine			
CL-600	Challenger	0	0
CL-601	Challenger	1	3
TOTAL		1	3
CESSNA AIRCRAFT CO.			
• Single-Engine			
CE-152		11	65
CE-A152	Aerobat	0	3
CE-172	Skyhawk	10	111
CE-172	Cutlass	3	5
CE-172RG	Cutlass	0	7
CE-182	Skylane	7	43
CE-182	Turbo Skylane	0	0
CE-182RG	Skylane RG	4	10
CE-182RG	Turbo Skylane RG	1	3
CE-185	Skywagon	2	14
CE-U206	Stationair 6	4	27
CE-TU206	Turbo Stationair 6	2	19
CE-207	Stationair 8	0	0
CE-TU207	Turbo Stationair 8	0	0
CE-210	Centurion	2	6
CE-T210	Turbo Centurion	9	26
CE-P210	Pressurized Centurion	2	12
CE-188	AgHusky	0	0
CE-188	AgTruck	0	0
• Multi-Engine			
CE-303	Crusader	5	10
CE-335		0	0
CE-340		1	5
CE-402		1	7
CE-404	Titan	0	0
CE-414	Chancellor	2	2
CE-421	Golden Eagle	0	0
CE-208	Caravan I	9	32
CE-425	Conquest I	0	12
CE-441	Conquest II	0	10
CE-500	Citation I	0	6
CE-550S/II	Citation II	6	31
CE-650	Citation III	3	15
CESSNA/REIMS AVIATION			
• Single-Engine			
CE-F152		1	2
CE-F152	Aerobat	0	2
CE-F172	Skyhawk	1	1
CE-FR172	Hawk XP	0	0
CE-F182	Skylane	0	0
CE-F182RG	Skylane RG	0	0
TOTAL		86	492
Manufacturers net billing – $49,526,125			
AVIONS MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	*	0
AD-My.20	Falcon	*	1
AD-My.200	Falcon	*	6
AD-My.50	Falcon	*	6
TOTAL		*	13
DEHAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-5		0	0
DHC-6	Twin Otter	2	12
DHC-7		0	4
DHC-8		1	5
TOTAL		3	21
EMBRAER			
• Single-Engine			
EMB-200		0	0
EMB-201	Ipanema	5	16
EMB-710	Carioca (PA-28-235 Dakota)	0	2
EMB-711	Corisco (PA-28RT-201 Arrow)	3	8
EMB-712	Tupi (PA-28-181 Archer II)	0	3
EMB-720	Minuano (PA-32-310 Seratoga)	1	3
EMB-721	Sertanejo (PA-32R-301 Seratoga)	0	4
• Multi-Engine			
EMB-110	Bandeirante	0	7
EMB-121	Xingu	0	2
EMB-810D	Seneca II	6	24
EMB-820	Chieftain	0	1
TOTAL		15	70
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III-C		1	2
Fairchild 30		0	0
Merlin IV-C		0	1
Metro III		0	3
Expediter		0	4
TOTAL		1	10
GATES-LEARJET			
• Multi-Engine			
LR-25D		0	1
LR-29		0	0
LR-35A		0	7
LR-36A		0	0
LR-55		0	5
TOTAL		0	13

		July 85	Cal. Year
GULFSTREAM AEROSPACE			
• Multi-Engine			
GR-1159A	Gulfstream III	2	12
AE-840	Turbo Commander	1	1
AE-900	Commander 900	0	2
AE-980		0	0
AE-1000		7	21
TOTAL		10	36
ISRAEL AIRCRAFT INDUSTRIES			
• Multi-Engine			
1124	Westwind 1	*	*
1124A	Westwind 2	*	*
TOTAL		*	*
LAKE AIRCRAFT			
• Single-Engine			
LA-4-200EP		2	6
LA-250	Renegade	3	10
TOTAL		5	16
MAULE AIR INC.			
• Single-Engine			
M-5-180C		6	22
M-5-200		0	0
M-5-235C	Lunar Rocket	0	1
M-6-235		0	3
M-7-180		1	7
M-7-235	Super Rocket	0	6
MX-7-235		1	8
TOTAL		8	49
Manufacturers net billing – $321,476			
MITSUBISHI			
• Multi-Engine			
Solitaire		0	0
Marquise		0	1
Diamond		0	2
Diamond II		0	1
TOTAL		0	4

		July 85	Cal. Year
MOONEY AIRCRAFT CORP.			
• Single-Engine			
M-20J	201	2	21
M-20K	231	1	24
TOTAL		3	45
PIPER AIRCRAFT CORP.			
• Single-Engine			
PA-38-112	Tomahawk	0	0
PA-28-161	Warrior	9	48
PA-28-181	Archer II	5	55
PA-28-236	Dakota	5	13
PA-28RT-201T	Turbo Arrow IV	0	12
PA-32-301	Saratoga	3	19
PA-32R-301	Saratoga SP	1	7
PA-32R-301T	Turbo Saratoga SP	2	12
PA-46-310P	Malibu	5	62
• Multi-Engine			
PA-31-350	Chieftain	0	6
PA-31P-350	Mojave	0	12
PA-31-500	Cheyenne I	0	1
PA-31-500	Cheyenne IA	0	2
PA-42-720	Cheyenne IIIA	0	4
PA-42-400LS	Cheyenne	1	13
PA-34-220T	Seneca III	6	35
PA-44-180	Seminole	0	12
PA-44-180T	Turbo Seminole	0	5
PA-700P	Aerostar	0	7
PA-T1020		0	0
PA-T1040		0	1
TOTAL		37	324
Manufacturers net billing – $6,099,623			
SHORT BROTHERS LTD.			
• Multi-Engine			
SBJ-CS-7	Skyvan	0	0
SD-3-30		0	1
SD-3-60		3	10
TOTAL		3	11
	SINGLE-ENGINE	127	838
	MULTI-ENGINE	96	515
	GRAND TOTAL	223	1,353

UNIT SHIPMENTS COMPARATIVE TREND: 19 MANUFACTURERS

	July			Calendar Year to Date		
	1985	1984	1983	1985	1984	1983
Aerospatiale	*	*	*	30	*	*
Beech	47	31	28	193	247	238
British Aerospace	4	5	1	43	29	8
Britten Norman	*	2	2	6	8	8
Canadair	1	2	*	3	11	*
Cessna	86	48	100	492	421	724
Dassault	*	*	*	13	13	18
DeHavilland	3	1	2	21	15	9
Embraer	15	13	5	70	61	46
Fairchild	1	2	*	10	12	7
Gates	0	1	2	13	12	19
Gulfstream	10	1	4	10	26	31
Israel	*	2	1	*	6	5
Lake	5	1	1	16	17	14
Maule Aircraft Inc.	8	3	5	49	29	28
Mitsubishi	0	0	*	4	10	20
Mooney	3	13	10	45	71	79
Piper	37	39	45	324	375	401
Short	3	3	3	11	23	20
TOTAL	223	211	344	1,353	1,389	1,675

* Figures not available.

CL240-1

Business and commercial Aviation

THE WEEKLY OF BUSINESS AVIATION

Vol. 41 No. 8 August 19, 1985 Page 57

INSIDE

Butler Buying West Palm FBO ..... Page 58
Chrysler Acquires Gulfstream ..... Page 59
Simmons Becomes American Eagle ..... Page 59
Deregulation Study Published ..... Page 60
Business Aviation Briefs ..... Page 61

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

FAIRCHILD REPORTS BIG LOSSES, SELLING OFF SUBSIDIARIES

Fairchild Industries, reporting losses of over $90 million for the first half of 1985 as a result of higher than anticipated costs and delays in its aircraft programs, is selling off a number of its subsidiaries and taking other action to improve its cash position. For the six months ended June 30, Fairchild reported a net loss of $93.4 million, or $7.39 per share, compared with net earnings of $15.9 million, or 71 cents per share, in the same period last year. Sales from continuing operations fell from $392.2 million last year to $380.6 million this year. In the second quarter alone, Fairchild said it lost $82.3 million, or $6.29 per share, compared to net earnings of $7.3 million, or 31 cents per share, in the same period last year.

SF-340 Reserves Now Total $135 Million

"The loss in the quarter was principally the result of additional reserves established on the Saab-Fairchild 340 and Air Force T-46A trainer and aircraft programs," the company said. Fairchild said that "as a result of a recent update of the estimated 340 program costs and revenues, it has taken additional reserves of $85 million. The update indicated that certain manufacturing performance improvements assumed in previous estimates did not occur or do not appear likely to occur as projected. The cost of material and major subsystems and components has also increased, and projections for revenues were revised downward." The $85 million in reserves for the program just announced is in addition to $50 million in reserves the company set aside in January to cover anticipated losses on the program *(BA, Jan. 21/18)*. Spokesmen for the company said Saab-Fairchild has orders for about 75 of the 35-passenger commuter aircraft, of which 23 have been delivered *(see related item on Page 61)*.

Fairchild also added $21 million in reserves on the T-46A program, noting that "additional engineering tasks and ground testing on the prototype aircraft . . . the resulting schedule slippage and higher costs in manufacturing have contributed to a substantially higher estimate of cost to complete the first phases of the T-46A program." The company had established a total of $39 million in reserves for the program in the last quarter of 1984 and the first quarter of this year. Fairchild said its government aerospace business volume was down sharply in the second quarter and its other commercial aircraft operations in San Antonio, Tex. "remained in a loss position, although sales strengthened."

Plans To Tap Pension Plans

The company is in the process of selling a number of its subsidiary operations in an attempt to improve its financial position. It reached agreement this month with its partner, Continental Telecom Inc., to sell its 50 percent interests in American Satellite Co. and Space Communications Co. for $105 million. It has completed the sale of VSI Hardware Co. for about $11 million and is in the process of selling VSI Fasteners Co., a consumer products company, and Fairchild Burns Co., which manufactures airline seats. In addition to those moves, Fairchild said it "plans to recapture more than $45 million in assets from certain of its employe pension plans. This is the amount of the plans' assets in excess of liabilities for benefits for plan participants and other related costs." Fairchild said the action will have no effect on coverage or benefits to plan participants and will require regulatory approval before it is implemented.

(Continued on the following page)

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS GROUP PUBLICATIONS INC. COPYRIGHT @ 1985 NEWS GROUP PUBLICATIONS INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $230. SIX MONTHS $138.

AIRPORT AND AIRWAY TRUST FUND
Status As Of May 31, 1985

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	$ 7,056,457,294.79	$ 6,440,835,770.41
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund):		
Any liquid fuel except gas	3,914,000.00	45,751,299.00
Tires used on aircraft	0.00	0.00
Tubes used on aircraft	0.00	0.00
Gasoline		
1. Commercial 9 cents tax	218,000.00	1,799,000.00
2. Non-commercial 9 cents tax	526,000.00	14,820,384.00
3. Non-commercial 3 cents tax	176,000.00	4,487,128.00
4. Transp by air,seats,berths,etc.	179,434,000.00	1,588,193,730.00
Use of international trav fac	7,124,000.00	55,609,424.00
Transp of property and cargo	8,963,000.00	97,749,089.00
Total Tax Receipts	200,355,000.00	1,808,410,054.00
B. Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	10,010.00	10,657.00
2. Any liquid fuel except gas	13,560.00	3,385,202.00
3. Gasoline -Retailer's tax	150.00	436,777.00
4. Gasoline -Manufac. tax	910.00	2,035.00
Total Reimburse For Tax Refunds	24,630.00	3,834,671.00
Net Tax Receipts	200,330,370.00	1,804,575,383.00
C. Interest on Investments	2,218,258.17	358,771,785.94
Net Receipts	202,548,628.17	2,163,347,168.94
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	58,159,700.00	563,282,551.38
2. Grants-in-aid for airports	50,982,581.27	512,925,168.55
3. Facilities & equipment	45,115,069.76	269,805,669.92
4. Research engineering & development	28,590,178.92	168,511,055.49
B. NOAA weather services	0.00	13,500,000.00
C. Interest on Refund of Taxes	7,500.00	7,601.00
Total Expenditures	182,855,029.95	1,528,032,046.34
IV. BALANCE - END OF PERIOD	7,076,150,893.01	7,076,150,893.01

ASSETS :		
Undisbursed Balances:		
Airport & Airway Trust Fund	$ 951.82	
Operations	78,672,448.62	
Grants-in-aid for Airports	-4,031,245.34	
Facilities & Equipment	7,587,839.78	
Research Engineering & Development	901,898.13	
NOAA weather services	0.00	
		$ 83,331,893.01
Investments :		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS:		
10-7/8% maturing JUNE 30, 1985	$ 133,054,000.00	
11 % maturing JUNE 30, 1985	39,290,000.00	
11-1/4% maturing JUNE 30, 1985	800,875,000.00	
11-1/8% maturing JUNE 30, 1985	5,545,387,000.00	
11-3/8% maturing JUNE 30, 1985	474,213,000.00	
		6,992,819,000.00
Total Assets		7,076,150,893.01
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		$ 7,076,150,893.01
Total Liabilities and Equity		7,076,150,893.01

Treasury Department Chart

C6240-1

Business and commercial Aviation

THE WEEKLY OF BUSINESS AVIATION

Vol. 41 No. 9 August 26, 1985 Page 65

INSIDE

IRS Aircraft Rules Delayed Again . . . . . Page 66
Cascade Files Chapter 11 . . . . . Page 67
West Palm Noise Regs Proposed . . . . . Page 69
Business Aviation Briefs . . . . . Page 70
Marketplace . . . . . Page 72

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

RYDER SYSTEM REACHES AGREEMENT TO ACQUIRE AVIALL

Aviall Inc., the Dallas-based aviation service company and distributor, will be acquired by Ryder System Inc. under an agreement approved by both boards of directors last Thursday. Ryder said it has agreements to purchase some 3.2 million shares, or 64 percent, of Aviall's outstanding common stock and said stock not purchased under those agreements will be converted in the merger into $25 per share in cash. Aviall was formed in 1981 when two engine overhaul firms--Aviation Power Supply and Cooper Airmotive--were merged *(BA, Dec. 28, 1981/203).* Aviall has 54 worldwide distribution outlets and six regional engine overhaul shops. Aviall repairs and overhauls turbine aircraft engines for commercial and general aviation operators and also is a worldwide distributor of new engines and parts and related aviation components. The company went public in 1984 and reported net income of $8.1 million on $400.5 million in revenue last year. Aviall's stock had ranged in price from $10-$20 over the past year. It rose 3 7/8 on Thursday to close at $23 per share. Ryder System Inc. is the parent of a group of service companies that had revenues of $2.5 billion last year. The merger is expected to be completed in October or November. Aviall will become an operating division of Ryder's Business Service Group, reporting to David R. Parker, senior executive vice president and chief operating officer of the group.

FTHENAKIS REPLACES UHL AS FAIRCHILD CHIEF EXECUTIVE OFFICER

Board of directors of Fairchild Industries, less than a week after the company reported a six-month net loss of more than $90 million, last Wednesday elected Emanuel Fthenakis to replace Edward G. Uhl as chief executive officer of the company. Uhl, 67, will continue to serve as chairman of the board. Fthenakis, who is also a member of the board, was elected president and chief operating officer of Fairchild in May and he will retain those titles in addition to being CEO. Uhl joined Fairchild in 1961 as president and has been CEO of Fairchild since that time. Fthenakis, a native of Greece and a naturalized U.S. citizen, joined Fairchild in 1972.

In announcing heavy losses last week *(BA, Aug. 19/57),* Fairchild said it was taking a number of steps to improve its financial position, including selling its interests in some subsidiary companies and attempting to recapture some $45 million in assets from certain employe pension plans. Asked if Fairchild had been pressured by its lenders to make the executive change, a spokesman replied that "this is something that has been in the works for some time," *(see other Fairchild articles on Pages 68-70).*

BATTLE FOR CONTROL OF VAN DUSEN CONTINUES; INITIAL RULING STAYED

The continuing battle for control of Van Dusen Air Inc. moved into its second phase last Thursday as a three-judge panel of the U.S. Court of Appeals granted a continued stay of an earlier legal ruling and kept the door open for opposing interests to acquire additional stock in the Minneapolis-based company.

APL, a group affiliated with the New York investment firm of Miller Tabak Hirsch, began buying Van Dusen stock in June and now holds 19.7 percent of the company's outstanding shares *(BA, Aug. 12/49).* An anti-takeover statute in Minnesota, the Minnesota Control Share Acquisition Act, prohibits anyone from

(Continued on the following page)

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS GROUP PUBLICATIONS INC. COPYRIGHT @ 1985 NEWS GROUP PUBLICATIONS INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $230. SIX MONTHS $138.

STATUS OF AIRPORT & AIRWAY TRUST FUND
20X8103
JUNE 30, 1985

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	$ 7,076,150,893.01	$ 6,440,835,770.41
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund):		
Any liquid fuel except gas	7,539,000.00	53,290,299.00
Tires used on aircraft	0.00	0.00
Tubes used on aircraft	0.00	0.00
Gasoline		
1. Commercial 9 cents tax	225,000.00	2,024,000.00
2. Non-commercial 9 cents tax	1,819,000.00	16,639,384.00
3. Non-commercial 3 cents tax	606,000.00	5,093,128.00
4. Transp by air,seats,berths,etc.	225,950,000.00	1,814,143,730.00
Use of international trav fac	7,740,000.00	63,349,424.00
Transp of property and cargo	15,666,000.00	113,415,089.00
Total Tax Receipts	259,545,000.00	2,067,955,054.00
B. Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	0.00	10,657.00
2. Any liquid fuel except gas	0.00	3,385,202.00
3. Gasoline -Retailer's tax	145,000.00	581,777.00
4. Gasoline -Manufac. tax	0.00	2,035.00
Total Reimburse For Tax Refunds	145,000.00	3,979,671.00
Net Tax Receipts	259,400,000.00	2,063,975,383.00
C. Interest on Investments	383,149,024.03	741,920,809.97
Net Receipts	642,549,024.03	2,805,896,192.97
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	79,467,830.00	642,750,381.38
2. Grants-in-aid for airports	42,194,245.37	555,119,413.92
3. Facilities & equipment	32,944,164.76	302,749,834.68
4. Research engineering & development	14,470,130.19	182,981,185.68
B. NOAA weather services	6,750,000.00	20,250,000.00
C. Interest on Refund of Taxes	0.00	7,601.00
Total Expenditures	175,826,370.32	1,703,858,416.66
IV. BALANCE - END OF PERIOD	7,542,873,546.72	7,542,873,546.72

June 30, 1985

STATEMENT OF FINANCIAL CONDITION

ASSETS :		
Undisbursed Balances:		
Airport & Airway Trust Fund	$ 975.85	
Operations	78,872,618.62	
Grants-in-aid for Airports	2,830,509.29	
cilities & Equipment	7,231,675.02	
esearch Engineering & Development	515,767.94	
NOAA weather services	0.00	
		$ 89,451,546.72
Investments :		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS:		
10-3/4% maturing June 30, 1986	$ 7,453,422,000.00	
		7,453,422,000.00
Total Assets		7,542,873,546.72
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		$ 7,542,873,546.72
Total Liabilities and Equity		7,542,873,546.72

CC240-1

Business Aviation

THE WEEKLY OF BUSINESS AVIATION

Vol. 41 No. 11 September 9, 1985 Page 81

INSIDE

Two GLC Pilots Killed ..... Page 82
Largest Dash 8 Order Placed ..... Page 83
ATR-42 Deliveries Accelerated ..... Page 84
Business Aviation Briefs ..... Page 85
Marketplace ..... Page 88

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

AIR FORCE CONSIDERING CANCELLATION OF FAIRCHILD T-46 CONTRACT

U.S. Air Force, under pressure to reduce spending over the next several years and dissatisfied with Fairchild Industries' work on the T-46A trainer program, has apparently decided to cancel the T-46A contract with the company. Reports circulating last week indicated the Air Force had decided to kill the program and that Deputy Defense Secretary William H. Taft IV had endorsed that plan. Asked if those reports were accurate, a Fairchild spokesman said "that's our understanding." Since the T-46A would be built at Fairchild Republic in Farmingdale, N.Y., under a contract estimated at $3.5 billion if all 650 aircraft are built, it is expected the Air Force will face strong opposition from the New York Congressional delegation if it does push to cancel the program.

Cancellation of the T-46A would be a serious long-term setback for Fairchild, the latest in a series of problems that have surfaced at the company. Last month Fairchild reported a first-half loss of over $93 million, largely as a result of delays and higher than anticipated costs on the T-46A and Saab-Fairchild SF-340 programs *(BA, Aug. 19/57)*. Fairchild said at that time it planned to sell off some of its subsidiaries and would attempt to recover some $45 million in employe pension plan funds. More recently, Fairchild came in for sharp criticism in an Air Force report resulting from an inspection of the Farmingdale facility *(see related story on Page 82)*.

Ironically, loss of the T-46A program could have a positive short-term effect on Fairchild. A spokesman noted it would permit the company to recover some of the $60 million that had been set aside in reserves for the program and also would cut costs. He added, however, that "we think the Air Force needs (the T-46A) and will continue it." The spokesman noted that beyond 1988 the T-46A program would be a major cash producer for Fairchild.

Cessna Discussing T-37 Upgrade With Air Force

If the Air Force does cancel the T-46A, one alternative would be refurbishing the 630 T-37s the T-46A was designed to replace. Cessna Aircraft, which built the T-37s, said the Air Force asked it early this summer to develop such a proposal. Cessna responded with a plan to re-engine the T-37 (probably with the Garrett F-109 designed for the T-46A), pressurize the aircraft, upgrade the avionics and make other improvements in the aircraft, which are 20-30 years old. Cessna had made a similar proposal to the service in 1978 and also made the same approach again a couple of years later before Fairchild was awarded the T-46A contract. Cessna Chairman Russ Meyer has stated that Cessna could upgrade the T-37s for about $1.5 billion, compared to the $3.5 billion required for new T-46As.

Fairchild also confirmed last week that it has been engaged in discussions with Saab-Scania of Sweden about a change in the relationship between the two companies in the SF-340 program. The two companies are currently equal partners in the project, with major components of the aircraft built at the Farmingdale plant and then shipped to Sweden for final assembly. A Fairchild spokesman said Friday those discussions have been going on for some time, but refused to elaborate on any possible changes in that relationship.

Officials at Saab-Fairchild International, which markets the twin-turboprop commuter aircraft, appear convinced the 340 program will remain viable even if Fairchild's role changes. They note that under the

(Continued on the following page)

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS GROUP PUBLICATIONS INC. COPYRIGHT © 1985 NEWS GROUP PUBLICATIONS INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $230, SIX MONTHS $138.

RAA: LARGE AIRCRAFT CLAIM GROWING SHARE OF COMMUTER TRAFFIC – Data developed by the Regional Airline Association shows that aircraft with 60 or more seats–which were virtually nonexistent in commuter and regional airline operations a few years ago–are carrying a rapidly increasing portion of commuter airline traffic. Testifying at an International Trade Commission hearing on the competitiveness of U.S. business jet and commuter aircraft manufacturers, Alan Stephen, RAA vice president-operations, said there were only 26 aircraft in commuter service–or 1.5 percent of the total commuter/regional fleet–with 60 or more seats at the start of the year. Despite that, Stephen said 60-plus-seat aircraft are expected to account for 14 percent of total commuter/regional revenue passenger miles this year *(see charts on the back of this page)*. The number of aircraft with nine or fewer seats accounted for nearly half of the commuter fleet, 42.1 percent, but those small planes are expected to carry only five percent of total commuter/regional traffic this year, Stephen said. He emphasized that the figures are based on RPMs and not passengers boarded, adding that the greater capacity, higher block speeds and longer route segments flown with the larger aircraft all serve to increase their share of total commuter traffic.

HORIZON TO ACQUIRE 10 DASH 8S, LARGEST SINGLE ORDER EVER – Horizon Air last week placed an order with de Havilland Aircraft of Canada for 10 Dash 8 aircraft, the largest single order in the manufacturer's history. Completion of aircraft deliveries is scheduled by the end of 1986. Order also includes options for delivery of an additional 10 aircraft during 1987. Order for the first 10, including spare parts, is valued at approximately $69 million.

Once they are in service, the new Dash 8s will replace Horizon's current fleet of 12 F27s and will supplement its 20 Metro IIIs and one F28. Milton Kuolt, president of Horizon Air cited the Dash 8's "speed, operating economy and passenger appeal." William Boggs, chairman, president and chief executive officer of de Havilland, said that the order brings firm orders and options for the Dash 8 to just over 100.

Horizon Air early last month announced it planned to acquire Cascade Airways, based in Spokane, Wash. *(BA, Aug. 6/42)*. As a part of the agreement, Cascade would continue to operate separately from Horizon, serving four Montana points, not served by Horizon, and Calgary, with five BAC-1-11s, two HS-748s, eight Beech 1900s and two Metro IIs. Kuolt said the acquisition of the Dash 8s would not have any effect on the Cascade deal.

HOUSE PANEL APPROVES DOT APPROPRIATION DESPITE VETO THREAT – House Appropriations Committee Thursday approved an $11.6 billion fiscal 1986 transportation appropriations bill despite a veto threat from the Office of Management and Budget. Committee hopes to have the bill on the House floor this week with an amendment ready to reduce some spending in the bill to meet administration concerns. Aviation funding levels in the measure were unchanged from those approved by the transportation subcommittee except for the addition of $330,000 in staff funding for the essential air service program. The funds were taken from the EAS subsidy account. The committee did not act on a request from Transportation Secretary Elizabeth Dole to restore $49.7 million cut from the administration's request for FAA operations, which she said could be offset by a corresponding decrease in the obligations ceiling for airport grants.

OMB, in a letter to committee leaders, said the bill provides funding at levels "unacceptable for this period of national fiscal austerity." Dole also wrote the committee that the bill is $3.3 billion over the administration's transportation funding request and $1.5 billion more than anticipated in the budget resolution adopted by Congress in August.

BAE ANNOUNCES NEW JETSTREAM ORDERS, PRODUCTION INCREASE – British Aerospace Inc. announced orders for seven additional Jetstream 31 turboprops last week and said it plans a major increase in the aircraft's production rate. BAe said it received a repeat order from NetherLines for two Jetstreams, which will boost that carrier's fleet to six and make it the largest Jetstream 31 operator outside the U.S. The two new aircraft will be delivered in December of 1985 and January of 1986. In addition, the company said it received orders for five Jetstreams from an unnamed customer.

The 19-passenger Jetstream is built at BAe's Prestwick, Scotland facility. Production rate had been 24 units per year until April of 1984 when it was raised to 36 per year. BAe now plans to boost production to a rate of four aircraft per month in 1986.

Aircraft in Regional Airline Passenger Service
Fleet Size and Traffic Carried by Seats

Seat Capacity	Acft in Service 1/1/85	% of Total Rev. Pax. Miles*
9 or less	721	5 %
10 to 19	610	37 %
20 to 39	165	17 %
40 to 59	189	27 %
60 and up	26	14

*Estimated year end 1985
(Excludes helicopters)

TOTAL AIRCRAFT IN REGIONAL PASSENGER SERVICE AND PERCENT OF U.S. MANUFACTURE

Seat Capacity	1978 Units	1978 %	1982 Units	1982 %	1985 Units	1985 %
9 or less	671	92%	688	90%	721	88%
10 to 19	245	49%	544	52%	610	57%
20 to 39	121	68%	114	39%	165	25%
40 to 59	10	100%	175	43%	189	49%
60 to 100	0	--	5	0%	26	0%
Totals	1047	79%	1526	67%	1711	67%

RAA Charts

CC240-1

Business and commercial Aviation

THE WEEKLY OF BUSINESS AVIATION

Vol. 41 No. 12 September 16, 1985 Page 89

INSIDE

Bleck Takes No. 2 Learjet Post ..... Page 90
Cascade Seeking Financial Aid ..... Page 92
August Shipments and Billings ..... Page 93
Business Aviation Briefs ..... Page 94
Marketplace ..... Page 96

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

CESSNA, LAST MAJOR INDEPENDENT OEM, TO BE ACQUIRED BY GD

Cessna Aircraft, the last major independent general aviation manufacturer, will be acquired by General Dynamics Corp. under an agreement announced Friday by the two firms. Acquisition of Cessna by the St. Louis-based defense contractor has been the subject of speculation for nearly two years following GD's purchase of 500,000 shares of Cessna stock in November of 1983 *(BA, Nov. 14, 1983/155).*

GD said it will initiate a tender offer for a minimum of 11.1 million shares of Cessna's stock at $30 per share, which combined with its initial 500,000 shares would give it 50.1 percent of the slightly more than 20 million shares outstanding. In addition, GD said it has options from Cessna to purchase 11.9 million shares at $30 per share and has purchased three million shares of a new series of Cessna preferred stock for $50 million, which carries voting rights with respect to mergers. Cessna's board of directors—of which GD Board Chairman David Lewis is a member—has approved the GD offer and will recommend that Cessna stockholders tender their shares.

GD said Cessna Chairman Russell W. Meyer and President William Van Sant will continue as chairman and president, respectively, of Cessna. In addition, Meyer will be elected an executive vice president of GD and given a seat on the larger company's board of directors.

Price of Cessna stock had ranged from approximately $16-$20 per share for a number of months, but began climbing in the last few weeks following Meyer's disclosure that Cessna was "exploring several strategic alternatives including the possibility of forming a partnership or other alliance with another company," *(BA, Sept. 2/1985).* The two firms Friday issued a joint statement that the proposed merger "should bring substantial benefits to both companies in the important areas of aircraft design and engineering as well as improved production efficiencies."

ENGEN: NO TO FSS PRIVATIZATION, YES TO PRIVATE FLIGHT PLAN FILING

Federal Aviation Administrator Donald Engen has decided against any move to privatize the nation's flight service station system, but has indicated he will permit private firms to have access to the FAA computer system to permit direct filing of IFR flight plans. In a general notice to employes, Engen said a study on the feasibility of privatizing the FSS system has been completed. That study was ordered early this year by the Office of Management and Budget *(BA, Feb. 18/49).*

"I have determined, and my recommendation to the Secretary of Transportation will be, that the only viable option is for the FAA to continue to provide flight services to the public and to continue with consolidation and automation of flight service stations." Engen's decision had been expected. He noted when the study was announced that putting all FSS functions in the hands of private enterprise—which would charge pilots a fee for services rendered—could have adverse safety consequences because some pilots might choose not to pay and to fly without obtaining important weather and safety information.

While ruling out privatization of the entire FSS network, Engen said he "will recommend that private companies be permitted access to the FAA system to file IFR flight plans after the necessary requirements are met and NADIN (the National Airspace Data Interchange Network) is operational. In addition, I have directed the responsible FAA organizations to continue to investigate the feasibility of using existing private

(Continued on the following page)

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS GROUP PUBLICATIONS INC. COPYRIGHT @ 1985 NEWS GROUP PUBLICATIONS INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $230. SIX MONTHS $138.

BUSINESS/PERSONAL AIRCRAFT INDUSTRY – AUGUST UNIT SHIPMENTS

		Aug. 85	Cal. Year
AEROSPATIALE GENERAL AVIATION			
• Single-Engine			
TB9	Tampico	1	3
TB10	Tobago	6	13
TB20	Trinidad	4	27
TB21	Trinidad TC	0	1
R110		0	2
R180		0	0
R235		0	0
TOTAL		11	46
BEECH AIRCRAFT CORP.			
• Single-Engine			
BE-77	Skipper	0	0
BE-C23	Sundowner	0	1
BE-C24R	Sierra	0	0
BE-F33A	Bonanza	0	14
BE-A36	Bonanza	3	56
BE-V35B	Bonanza	0	0
BE-B36TC	Bonanza	0	12
• Multi-Engine			
BE-B55	Baron	0	0
BE-E55	Baron	0	1
BE-58	Baron	2	18
BE-58TC	Baron	0	1
BE-58P	Baron	0	6
BE-76	Duchess	0	4
BE-860	Duke	0	0
BE-C99	Airliner	0	0
BE-C90-1	King Air	0	22
BE-F90-1	King Air	0	3
BE-B100	King Air	0	0
BE-200	Super King Air	0	20
BE-200C	Super King Air	0	3
BE-300	Super King Air	2	29
BE-200T	Super King Air	0	0
BE-1900C	Commuter	4	14
TOTAL		11	204
Manufacturers net billing – $16,584,251.66			
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream 31	3	21
HS-748		0	3
BAe 146-100		2	6
BAe 146-200		0	5
HS-125-800	Model A	2	13
HS-125-800	Model B	0	2
TOTAL		7	50
PILATUS BRITTEN-NORMAN LTD.			
• Multi-Engine			
BN-2	Islander	1	7
BN-2T	Islander	0	0
Mark III	Trislander	0	0
TOTAL		1	7
CANADAIR LIMITED			
• Multi-Engine			
CL-600	Challenger	0	0
CL-601	Challenger	0	3
TOTAL		0	3
CESSNA AIRCRAFT CO.			
• Single-Engine			
CE-152		13	78
CE-A152	Aerobat	1	4
CE-172	Skyhawk	21	132
CE-172	Cutlass	0	5
CE-172RG	Cutlass	2	9
CE-182	Skylane	11	54
CE-182	Turbo Skylane	0	0
CE-182RG	Skylane RG	1	11
CE-182RG	Turbo Skylane RG	2	5
CE-185	Skywagon	1	15
CE-U206	Stationair 6	5	32
CE-TU206	Turbo Stationair 6	4	23
CE-207	Stationair 8	0	0
CE-TU207	Turbo Stationair 8	0	0
CE-210	Centurion	2	8
CE-T210	Turbo Centurion	10	36
CE-P210	Pressurized Centurion	2	14
CE-188	AgHusky	0	0
CE-188	AgTruck	0	0
• Multi-Engine			
CE-303	Crusader	2	12
CE-335		0	0
CE-340		0	5
CE-402		0	7
CE-404	Titan	0	0
CE-414	Chancellor	0	1
CE-421	Golden Eagle	1	1
CE-208	Caravan I	5	37
CE-425	Conquest I	0	18
CE-441	Conquest II	1	11
CE-500	Citation I	0	6
CE-550S/II	Citation II	4	35
CE-650	Citation III	0	15
CESSNA/REIMS AVIATION			
• Single-Engine			
CE-F152		3	5
CE-F152	Aerobat	3	5
CE-F172	Skyhawk	0	1
CE-FR172	Hawk XP	0	0
CE-F182	Skylane	0	0
CE-F182RG	Skylane RG	0	0
TOTAL		94	586
Manufacturers net billing – $30,270,078			
AVIONS-MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	0	0
AD-My.20	Falcon	0	1
AD-My.200	Falcon	0	6
AD-My.50	Falcon	0	6
TOTAL		0	13
DEHAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-5		0	0
DHC-6	Twin Otter	2	14
DHC-7		0	4
DHC-8		1	6
TOTAL		3	24
EMBRAER			
• Single-Engine			
EMB-200		0	0
EMB-201	Ipanema	1	17
EMB-710	Carioca (PA-28-235 Dakota)	0	2
EMB-711	Corisco (PA-28RT-201 Arrow)	2	10
EMB-712	Tupi (PA-28-181 Archer II)	2	5
EMB-720	Minuano (PA-32-310 Seratoga)	1	4
EMB-721	Sertanejo (PA-32R-301 Seratoga)	1	5
• Multi-Engine			
EMB-110	Bandeirante	0	7
EMB-120	Brasilia	1	1
EMB-121	Xingu	0	2
EMB-810D	Seneca II	2	26
EMB-820	Chieftain	0	1
TOTAL		10	80
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III-C		0	2
Fairchild 30		0	0
Merlin IV-C		0	1
Metro III		4	7
Expediter		0	4
TOTAL		4	14
GATES LEARJET			
• Multi-Engine			
LR-25G		1	2
LR-29		0	0
LR-35A		0	7
LR-36A		0	0
LR-55		0	5
TOTAL		1	14

		Aug. 85	Cal. Year
GULFSTREAM AEROSPACE			
• Multi-Engine			
GR-1159A	Gulfstream III	0	12
AE-840	Turbo Commander	0	1
AE-900	Commander 900	1	3
AE-980		0	0
AE-1000		3	24
TOTAL		4	40
ISRAEL AIRCRAFT INDUSTRIES			
• Multi-Engine			
1124	Westwind 1	*	*
1124A	Westwind 2	*	6
TOTAL		*	6
LAKE AIRCRAFT			
• Single-Engine			
LA-4-200EP		0	6
LA-250	Renegade	1	11
TOTAL		1	17
MAULE AIR INC.			
• Single-Engine			
M-5-180C		0	22
M-5-200		0	0
M-5-235C	Lunar Rocket	0	1
M-6-235		0	3
M-7-180		4	11
M-7-235	Super Rocket	2	10
MX-7-235		2	10
TOTAL		8	57
Manufacturers net billing -- $397,852			
MITSUBISHI			
• Multi-Engine			
Solitaire		0	0
Marquise		1	2
Diamond		0	2
Diamond II		0	1
TOTAL		1	5
MOONEY AIRCRAFT CORP.			
• Single-Engine			
M-20J	201	5	26
M-20K	231	2	26
TOTAL		7	52

		Aug. 85	Cal. Year
PIPER AIRCRAFT CORP.			
• Single-Engine			
PA-38-112	Tomahawk	0	0
PA-28-161	Warrior	5	51
PA-28-181	Archer II	7	62
PA-28-236	Dakota	3	16
PA-28RT-201T	Turbo Arrow IV	1	13
PA-32-301	Saratoga	2	21
PA-32R-301	Saratoga SP	0	7
PA-32R-301T	Turbo Saratoga SP	2	14
PA-46-310P	Malibu	11	73
• Multi-Engine			
PA-31-350	Chieftain	0	6
PA-31P-350	Mojave	0	12
PA-31-500	Cheyenne I	0	1
PA-31-500	Cheyenne IA	0	2
PA-42-720	Cheyenne III	1	1
PA-42-720	Cheyenne IIIA	0	4
PA-42-1000	Cheyenne 400LS	1	14
PA-34-220T	Seneca III	5	40
PA-44-180	Seminole	0	12
PA-44-180T	Turbo Seminole	0	5
PA-700P	Aerostar	0	7
PA-T1020		0	0
PA-T1040		0	1
TOTAL		38	362
Manufacturers net billing -- $7,808,391			
SHORT BROTHERS LTD.			
• Multi-Engine			
SBJ-CS-7	Skyvan	0	0
SD-3-30		0	1
SD-3-60		2	12
TOTAL		2	13
	SINGLE-ENGINE	149	1,007
	MULTI-ENGINE	54	586
	GRAND-TOTAL	203	1,593

UNIT SHIPMENTS COMPARATIVE TREND: 19 MANUFACTURERS

	August			Calendar Year to Date		
	1985	1984	1983	1985	1984	1983
Aerospatiale	11	*	*	46	*	*
Beech	11	32	38	204	279	276
British Aerospace	7	7	7	50	36	36
Britten-Norman	1	1	0	7	9	8
Canadair	0	1	*	3	15	*
Cessna	94	117	139	586	538	866
Dassault	0	6	5	13	19	22
De Havilland	3	2	0	24	17	9
Embraer	10	6	7	80	67	53
Fairchild	4	3	1	14	15	9
Gates	1	4	2	14	16	21
Gulfstream	4	6	7	40	32	38
Israel	*	1	0	6	7	5
Lake	1	5	2	17	22	16
Maule Aircraft Inc.	8	6	2	57	35	30
Mitsubishi	1	1	3	5	11	23
Mooney	7	16	11	52	87	90
Piper	38	44	42	362	419	443
Short	2	0	4	13	23	24
TOTAL	203	258	270	1,593	1,647	1,970

* Figures not available.

Business and commercial Aviation

THE WEEKLY OF BUSINESS AVIATION

Vol. 41 No. 13 September 23, 1985 Page 97

INSIDE

Decision Hinders Tech Reps ..... Page 98
Lopresti To Head Beech Engineering ... Page 99
Art Scholl Killed in Crash ..... Page 101
Business Aviation Briefs ..... Page 102
Marketplace ..... Page 104

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

CONTROLLER, INSPECTOR WORK FORCE TO BE INCREASED BY DOT

Secretary of Transportation Elizabeth Dole said in a press conference last Thursday that an additional 480 people would be added to the existing air traffic controller work force, at a rate of approximately 40 per month during the 12-month period beginning Oct. 1. A similar increase would be implemented during fiscal year 1987. Dole said presently there are approximately 14,000 air traffic controllers, and the increase would be in addition to normal replacement hiring. Dole said she also had plans to add 500 inspectors over the next three years but said that no decision had been made as to how they would be split between general aviation, which currently has 936 inspectors, and commercial airlines, which have 674.

Dole also said that the second phase of the five-phase General Aviation Safety Audit, found a "better than 90 percent rate of compliance with safety standards." The audit was launched by Dole July 22, 1984 *(BA, July 23, 1984/25)* as an 18-month review of the 210,000 aircraft in the general aviation fleet and also includes inspections of flight schools, repair station mechanics, and air taxis.

OVER 80 PERCENT OF JET, TURBOPROP SALES INVOLVE USED EQUIPMENT

Total worldwide market for business jet and turboprop aircraft increased only slightly in the past 12 months, but the percentage of transactions involving new equipment fell for the fourth straight year, according to information compiled by Aviation Data Service Inc. (AvDATA), Wichita, Kan. Information is based on retail deliveries of aircraft as evidenced by bills of sale filed with the FAA Aircraft Registry in Oklahoma City, along with some additional information obtained directly from the manufacturers and other sources. In the past four years, the percentage of new planes involved in business aircraft transactions has fallen from over 40 percent of the total to under 20 percent in the 12 months ended Aug. 31, 1985.

Between Sept. 1, 1981 and Aug. 31, 1982, records show a total of 1,928 transactions involving jet and turboprop equipment, which included sales of 837 new aircraft, or 43.4 percent of the total. In the next two years, the percentage of new aircraft involved in total transactions fell to 24.8 percent and 25.5 percent respectively. For the most recent 12 months, total transactions rose less than two percent to 2,591, but new aircraft accounted for an even smaller share, 464 aircraft, or 17.9 percent.

The U.S. continues to be the largest market for business/executive jets and turboprops. Of 1,216 (new and used) jet sales worldwide in the past 12 months, 1,018 or 83.7 percent, went to operators in this country. There were 1,375 retail transactions worldwide involving new and used turboprops for the year ended Aug. 31, of which 1,210, or 88 percent, went to U.S. buyers.

GAMA: MAJOR MANUFACTURERS THREATENED BY PRODUCT LIABILITY

The chairman of the General Aviation Manufacturers Association said last week the product liability situation has already caused the demise of a number of small aircraft manufacturers and warned even large general aviation firms are threatened by the soaring costs of product liability insurance and adverse court decisions. Frank M. Adams, chairman of GAMA and president of the Aircraft Systems Co. of Bendix/Allied, said "general aviation is being harmed by current legal practice which pursues huge product liability awards

(Continued on the following page)

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS GROUP PUBLICATIONS INC. COPYRIGHT @ 1985 NEWS GROUP PUBLICATIONS INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $230. SIX MONTHS $138.

AIRPORT AND AIRWAY TRUST FUND
Status As Of July 31, 1985

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	$ 7,542,873,546.72	$ 6,440,835,770.41
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund):		
Any liquid fuel except gas	7,661,000.00	60,951,299.00
Tires used on aircraft	0.00	0.00
Tubes used on aircraft	0.00	0.00
Gasoline		
1. Commercial 9 cents tax	232,000.00	2,256,000.00
2. Non-commercial 9 cents tax	1,849,000.00	18,488,384.00
3. Non-commercial 3 cents tax	616,000.00	5,709,128.00
4. Transp by air,seats,berths,etc.	227,877,000.00	2,042,020,730.00
Use of international trav fac	7,799,000.00	71,148,424.00
Transp of property and cargo	15,665,000.00	129,080,089.00
Total Tax Receipts	261,699,000.00	2,329,654,054.00
B. Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	0.00	10,657.00
2. Any liquid fuel except gas	0.00	3,385,202.00
3. Gasoline -Retailer's tax	0.00	581,777.00
4. Gasoline -Manufac. tax	0.00	2,035.00
Total Reimburse For Tax Refunds	0.00	3,979,671.00
Net Tax Receipts	261,699,000.00	2,325,674,383.00
C. Interest on Investments	659,914.87	742,580,724.84
Net Receipts	262,358,914.87	3,068,255,107.84
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	123,729,348.86	766,479,730.24
2. Grants-in-aid for airports	61,654,289.59	616,773,703.51
3. Facilities & equipment	37,917,236.68	340,667,071.36
4. Research engineering & development	13,398,130.29	216,379,315.97
B. NOAA weather services	0.00	20,250,000.00
C. Interest on Refund of Taxes	0.00	7,601.00
Total Expenditures	256,699,005.42	1,960,557,422.08
IV. BALANCE - END OF PERIOD	7,548,533,456.17	7,548,533,456.17

ASSETS :		
Undisbursed Balances:		
Airport & Airway Trust Fund	$ -109.28	
Operations	78,880,269.76	
Grants-in-aid for Airports	-526,780.30	
Facilities & Equipment	8,096,438.34	
Research Engineering & Development	4,714,637.65	
NOAA weather services	0.00	
		$ 91,164,456.17
Investments :		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS:		
10-3/4% maturing June 30, 1986	$ 7,441,629,000.00	
10-5/8% maturing June 30, 1985	15,740,000.00	
		7,457,369,000.00
Total Assets		7,548,533,456.17
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		$ 7,548,533,456.17
Total Liabilities and Equity		7,548,533,456.17

Treasury Department Chart

C2240-1

Business and Commercial Aviation

THE WEEKLY OF BUSINESS AVIATION

Vol. 41 No. 16 October 14, 1985 Page 121

INSIDE

PBA To Park YS-11 Fleet ..... Page 122
DeVore Chooses Sundancer Engine .... Page 123
September Shipments and Billings ..... Page 125
Business Aviation Briefs ..... Page 126
Marketplace ..... Page 128

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

GENERAL DYNAMICS ACQUIRES MORE THAN HALF OF CESSNA STOCK

General Dynamics Corp. said Thursday it has acquired over half of Cessna Aircraft Company's stock, clearing the way for GD's acquisition of the Wichita-based general aviation manufacturer *(BA, Sept. 16/89)*. GD said over 13 million shares of Cessna common stock had been tendered in response to its $30 per share offer, exceeding the minimum 11.1 million share requirement. "Accordingly, General Dynamics has accepted for payment all shares validly tendered and will begin paying today for the Cessna shares." The tender offer was scheduled to expire at midnight Oct. 11 unless extended.

Cessna Chairman Russ Meyer said last month he expected the merger to be completed in late November or early December. A filing in early September indicated Cessna was anticipating revenues of about $801 million in the fiscal year that ended Sept. 30 and a pre-tax loss of about $51 million, while fiscal 1986 revenues were estimated at $624 million with anticipated pre-tax earnings of about $41 million. Meyer said late last month that fiscal 1985 revenues would probably be slightly lower than the original estimate and that revenues in fiscal 1986 should be somewhat higher than forecast. He indicated that the large fiscal 1985 pre-tax loss was attributable to writedowns on aircraft inventories and on the U.S. Navy T-47 program.

Cessna would normally publish its financial results for fiscal 1985 this week, but a spokesman said Friday that the regular Cessna board meeting and release of financial information will not occur this week, but may be rescheduled at a later date. If GD receives at least 90 percent of Cessna's stock, no meeting of Cessna shareholders will be necessary to complete the acquisition and the agreement could be finalized in early November. If GD obtains less than 90 percent of the stock through the tender offer, a stockholders meeting will be required, which would probably delay final details of the acquisition until some time in December.

SF-340 PROGRAM NEGOTIATIONS 'BACK BURNERED'

Officials at Saab-Scania in Sweden and at Fairchild Industries last week were keeping quiet as to the status of negotiations between the two companies regarding the future of the Saab-Fairchild 340 commuter aircraft program, but an official at Saab-Fairchild International said "things have been put on the back burner and probably won't be started up again for two weeks at the very least."

Negotiations aimed at reducing Fairchild's role in the 340 program began more than a month before the Oct. 3 announcement by Fairchild President Emanual Fthenakis that the company is considering selling the entire aviation division in order to cut losses and maintain Fairchild's three remaining business groups: communications and electronics, space and commercial and industrial *(BA, Sept. 9/81)*. In announcing the possible sale of the aviation operations, Fthenakis noted that the Fairchild Republic portion of the aircraft group is "where the major problem area" lies *(BA, Oct. 7/113)*.

Rolf Erichs, a spokesman for Saab-Scania's aircraft division in Sweden, said the two partners were negotiating following a request on the part of Fairchild to have "a minor part in the program," with Saab taking a larger part. Both parties are looking for "a good solution" to the issue. What a good solution is,

(Continued on the following page)

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS GROUP PUBLICATIONS INC. COPYRIGHT © 1985 NEWS GROUP PUBLICATIONS INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $230. SIX MONTHS $138.

BUSINESS/PERSONAL AIRCRAFT INDUSTRY – SEPTEMBER UNIT SHIPMENTS

		Sept. 85	Cal. Year
AEROSPATIALE GENERAL AVIATION			
• Single-Engine			
T89	Tampico	0	3
T810	Tobago	0	13
T820	Trinidad	2	29
T821	Trinidad TC	0	1
R110		0	2
R180		0	0
R235		0	0
TOTAL		2	48
BEECH AIRCRAFT CORP.			
• Single-Engine			
BE-77	Skipper	0	0
BE-C23	Sundowner	0	1
BE-C24R	Sierra	0	0
BE-F33A	Bonanza	3	17
BE-A36	Bonanza	4	60
BE-V35B	Bonanza	0	0
BE-B36TC	Bonanza	0	12
• Multi-Engine			
BE-B55	Baron	0	0
BE-E55	Baron	0	1
BE-58	Baron	1	19
BE-58TC	Baron	0	1
BE-58P	Baron	5	11
BE-76	Duchess	1	5
BE-B60	Duke	0	0
BE-C90	Airliner	0	0
BE-C90-1	King Air	0	22
BE-F90-1	King Air	0	3
BE-B100	King Air	0	0
BE-200	Super King Air	3	23
BE-200C	Super King Air	0	3
BE-300	Super King Air	2	31
BE-200T	Super King Air	0	0
BE-1900C	Commuter	0	14
TOTAL		19	223
Manufacturers net billing – $13,466,293			
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream 31	1	22
HS-748		0	3
BAe 146-100		1	7
BAe 146-200		0	5
HS-125-800	Model A	1	14
HS-125-800	Model B	1	3
TOTAL		4	54
PILATUS BRITTEN-NORMAN LTD.			
• Multi-Engine			
BN-2	Islander	0	7
BN-2T	Islander	0	0
Mark III	Trislander	0	0
TOTAL		0	7
CANADAIR LTD.			
• Multi-Engine			
CL-600	Challenger	0	0
CL-601	Challenger	2	5
TOTAL		2	5
CESSNA AIRCRAFT CO.			
• Single-Engine			
CE-152		9	87
CE-A152	Aerobat	2	6
CE-172	Skyhawk	34	166
CE-172	Cutlass	0	5
CE-172RG	Cutlass	2	11
CE-182	Skylane	25	79
CE-182	Turbo Skylane	0	0
CE-182RG	Skylane RG	3	14
CE-182RG	Turbo Skylane RG	6	11
CE-185	Skywagon	3	18
CE-U206	Stationair 6	7	39
CE-TU206	Turbo Stationair 6	1	24
CE-207	Stationair 8	0	0
CE-TU207	Turbo Stationair 8	0	0
CE-210	Centurion	2	10
CE-T210	Turbo Centurion	12	48
CE-P210	Pressurized Centurion	3	17
CE-188	AgHusky	0	0
CE-188	AgTruck	0	0
• Multi-Engine			
CE-303	Crusader	3	15
CE-335		0	0
CE-340		0	5
CE-402		4	11
CE-404	Titan	0	0
CE-414	Chancellor	0	1
CE-421	Golden Eagle	0	1
CE-208	Caravan I	3	40
CE-425	Conquest I	0	18
CE-441	Conquest II	0	11
CE-500	Citation I	0	6
CE-550S/II	Citation II	6	41
CE-650	Citation III	1	15
CESSNA/REIMS AVIATION			
• Single-Engine			
CE-F152		5	10
CE-F152	Aerobat	0	5
CE-F172	Skyhawk	1	2
CE-FR172	Hawk XP	0	0
CE-F182	Skylane	0	0
CE-F182RG	Skylane RG	0	0
TOTAL		131	717
Manufacturers net billing – $38,734,446			
AVIONS-MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	0	0
AD-My.20	Falcon	0	1
AD-My.200	Falcon	0	6
AD-My.50	Falcon	1	7
TOTAL		1	14
DE HAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-5		0	0
DHC-6		3	17
DHC-7		0	4
DHC-8		4	10
TOTAL		7	31
EMBRAER			
• Single-Engine			
EMB-200		0	0
EMB-201	Ipanema	0	17
EMB-710	Carioca (PA-28-235 Dakota)	0	2
EMB-711	Corisco (PA-28RT-201 Arrow)	2	12
EMB-712	Tupi (PA-28-181 Archer II)	1	6
EMB-720	Minuano (PA-32-310 Seratoga)	1	5
EMB-721	Sertanejo (PA-32R-301 Seratoga)	0	5
• Multi-Engine			
EMB-110	Bandeirante	0	7
EMB-120	Brasilia	1	2
EMB-121	Xingu	0	2
EMB-810D	Seneca II	3	29
EMB-820	Chieftain	0	1
TOTAL		8	88
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III-C		0	2
Fairchild 30		0	0
Merlin IV-C		0	1
Metro III		3	10
Expediter		0	4
TOTAL		3	17
GATES-LEARJET			
• Multi-Engine			
LR-25D		2	2
LR-25G		1	3
LR-29		0	0
LR-35A		0	7
LR-36A		0	0
LR-55		0	5
TOTAL		3	17

		Sept. 85	Cal. Year
GULFSTREAM AEROSPACE			
• Multi-Engine			
GR-1159A	Gulfstream III	0	12
AE-840	Turbo Commander	0	1
AE-900	Commander 900	1	4
AE-980		0	0
AE-1000		2	26
TOTAL		3	43
ISRAEL AIRCRAFT INDUSTRIES			
• Multi-Engine			
1124	Westwind 1	0	0
1124A	Westwind 2	1	7
	Astra	1	1
TOTAL		2	8
LAKE AIRCRAFT			
• Single-Engine			
LA-4-200EP		0	6
LA-250	Renegade	1	12
TOTAL		1	18
MAULE AIR INC.			
• Single-Engine			
M-5-180C		0	22
M-5-200		0	0
M-5-235C	Lunar Rocket	0	1
M-6-235		1	4
M-7-180		5	16
M-7-235	Super Rocket	0	10
MX-7-235		2	0
TOTAL		8	65
MITSUBISHI			
• Multi-Engine			
Solitaire		0	0
Marquise		0	3
Diamond		0	3
Diamond II		0	1
TOTAL		0	7
MOONEY AIRCRAFT CORP.			
• Single-Engine			
M-20J	201	6	32
M-20K	231	1	27
TOTAL		7	59

		Sept. 85	Cal. Year
PIPER AIRCRAFT CORP.			
• Single-Engine			
PA-38-112	Tomahawk	0	0
PA-28-161	Warrior	11	62
PA-28-181	Archer II	11	73
PA-28-236	Dakota	0	16
PA-28RT-201T	Turbo Arrow IV	0	13
PA-32-301	Saratoga	4	25
PA-32R-301	Saratoga SP	1	8
PA-32R-301T	Turbo Saratoga SP	1	15
PA-46-310P	Malibu	6	79
• Multi-Engine			
PA-31-350	Chieftain	0	6
PA-31P-350	Mojave	0	12
PA-31-500	Cheyenne I	0	1
PA-31-500	Cheyenne IA	0	2
PA-42-720	Cheyenne III	0	1
PA-42-720	Cheyenne IIIA	0	4
PA-42-1000	Cheyenne 400LS	2	16
PA-34-220T	Seneca III	3	43
PA-44-180	Seminole	0	12
PA-44-180T	Turbo Seminole	0	5
PA-700P	Aerostar	0	7
PA-T1020		0	0
PA-T1040		0	1
TOTAL		39	401
Manufacturers net billing – $8,185,834			
SHORT BROTHERS LTD.			
• Multi-Engine			
SBJ-CS-7	Skyvan	0	0
SD-3-30		0	1
SD-3-60		1	13
TOTAL		1	14
	SINGLE-ENGINE	178	1,121
	MULTI-ENGINE	64	715
	GRAND-TOTAL	242	1,836

UNIT SHIPMENTS COMPARATIVE TREND: 19 MANUFACTURERS

	September			Calendar Year to Date		
	1985	1984	1983	1985	1984	1983
Aerospatiale	2	*	*	48	*	*
Beech	19	34	32	223	313	308
British Aerospace	4	7	6	54	43	42
Britten-Norman	0	0	2	7	9	10
Canadair	2	1	*	5	16	*
Cessna	132	198	170	717	736	1,033
Dassault	1	0	0	14	19	22
De Havilland	7	2	0	31	19	9
Embraer	8	6	11	88	73	64
Fairchild	3	5	8	17	20	17
Gates	3	1	3	17	17	24
Gulfstream	3	6	9	43	38	46
Israel	2	1	2	8	8	7
Lake	1	1	2	18	23	18
Maule	8	3	10	65	38	30
Mitsubishi	0	0	0	7	11	33
Mooney	7	0	13	59	109	103
Piper	39	44	30	401	463	473
Short	1	2	1	14	25	25
TOTAL	242	333	299	1,836	1,980	2,265

Parentheses show actual Embraer deliveries, not including aircraft kits.
* Figures not available.